FINANCIALTIMES

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FT No. 31,172 • THE FINANCIAL TIMES LIMITED 1990

World News **East Germans Philips and** set for full German unity by year end collaboration

Full German political unity by the end of the year looked likely last night, after the rul-ing Christian Democratic Party in East Germany called for all-German elections in December. Page 20

Oil spill danger Salvage workers briefly boarded the Norwegian supertanker Mega Borg, ablaze in the Gulf of Mexico, but the fire was still believed to be burning below decks and the danger of an oil spill

Thai army truce Thailand's military chiefs called a truce in their row with the Government, at least until Prime Minister Choonhavan returns from an official visit to the US. Page 8

Sri Lankan ceasefire The Sri Lankan Government and Tamil Tiger separatist guerrillas agreed to end fighting that has risked a return to civil war on the island.

Soviet ethnic clash The death toll from a wave . of ethnic unrest in Soviet Kirghizia rose to 139 in eight

Dominican President Incumbent President Joaquin Balaguer was declared the win-ner in the Dominican Republic presidential elections, defeating his closest rival by a nar-row margin. Page 4

Algerian election

Algerians went to the polls in the country's first free elections after 28 years of one-party rule by the National Lib-eration Front. Photograph,

Liberian refugees More than 150,000 refugees have fied Liberia to neighbouring states in West Africa to escape the ravages of civil war, the UN refugee agency said.

Mozambican talks

Representatives of Mozambique's left wing Government, and rebels who have fought it for 14 years, arrived in the Malawian city of Blantyre for their first peace talks.

Christians freed King Birendra of Nepal ordered the release of 29 Christians jailed on charges of trying to

Disclosure for MPs Geoffrey Palmer, the New Zealand Prime Minister, outlined a new law which will require members of parliament to dis-close their financial interests within four weeks of taking

office. Page 8 ireland keeps curbs Ireland will maintain limits on cross-border shopping in the north, despite a ruling by the European Court of Justice that the rules are illegal. Page 20

Indian unrest

Three bombs exploded in Srinagar, where 13 members of India's security forces were killed in attacks by separatis Kashmiri militants. New Delhi imposed a curfew on the nearby Buddhist town of Leh.

Soviet press law The Soviet parliament passed

a bill to guarantee press free-dom and eliminate censorship.

Libyan militia Libyan leader Muammer

Gadaffi ordered the immediate creation of a volunteer people's guard militia, but he did not explain the guards' mission.

Iran fits submarines Iran's top admiral said the Ira-

nian navy was preparing submarines to be based on the approach to the Strait of Hormuz, and warned iraq against trying to sail new warships through the strait.

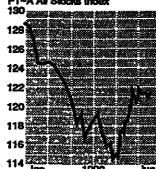
Business Summary Olivetti call off talks on

PHILIPS of the Netherlands and Olivetti of Italy, two of Europe's leading electronics companies, have abandoned negotiations on possible collab-oration. In a joint statement the two groups said: "The talks have shown that at this moment co-operation in the investigated areas offers no substantial benefits to either company." The talks, which came to light last April, pro-voked speculation that Philips was to be the control of Observation of Observation in the control wanted to take control of Olivetti to bolster its own struggling computer operations. Both companies denied that this had been discussed. Page 21; Lex, Page 20

UK GILTS: Prices were boosted by nearly two points in the morning as sterling traded much higher on the foreign exchange market.

UK Gilts

FT~A All Stocks Index



By lunchtime, the gilts market had recovered its uncertainty and the market lost almost half its early gains. Page 25

BANK OF JAPAN report shows decline in business confidence in Japan in the last three months. Page 8

CHRYSLER and Renault are abandoning planned \$500m venture to develop a joint vehicle for production in west-ern Europe and North America. Page 21

EREDIT LYONNAIS, French state-owned bank, is assisting the French Government in an attempt to win state control of Framatome, nuclear plant

ıcer. Page zz JAPAN is about to take over from the US as the world's leading electronics produces and trader in the next few years according to US Com-merce Department study. Page

CHINA launched its most intensive attempt to attract foreign investment since the Tiananmen Square crisis, by sending a high-level mission to Hong Kong. Page 8

STORA, Swedish pulp and paper group, bid to take over Chapelle Darblay, newsprint and magazine paper producer in partnership with Finland's Kymmene, has been blocked by the French Government.

Page 21 **WORLD AIRLINE** profits declined by 23.5 per cent last year because of higher fuel and labour costs. Page 2

AUSTRALIA rejected a A\$250m (\$193m) bid by Robert Maxwell, British publisher, for a 49 per cent share in the West Australian, Perth-based daily newspaper. Page 24

SOUTHERN SUN, largest owner and operator of hotels in Africa, is to be delisted from the Johannesburg Stock Exchange. Page 23

ARABIAN General Investment Corp, Dubai-based investment holding company, has bought Spanish hotel group, for Pta5bn (\$48m). Page 23

IRELAND's curbs on travellers allowances were judged to be illegal by the European Court of Justice. Page 11

KITCAT & Aitken, UK securities house, cannot be saved after a meeting of Deutsche Bank in Frankfurt rejected proposals to buy up its agency operations. Page 21

Gorbachev hints at deal on Lithuanian independence

MR Mikhail Gorbachev, the Soviet leader, yesterday held out his first hint of a compro-mise with rebel Lithuania and sketched his vision of a Soviet federation of sovereign states. At a meeting with the leaders of the Soviet Union's 15 republics, Mr Gorbachev talked

of a new union treaty ensuring republics' sovereignty and new, individually-tailored links with the centre, according to the official Soviet news agency Mr Gorbachev earlier softened his stance on Lithuania by saying that the breakaway republic need suspend its inde-pendence declaration only dur-

ing seccession talks.
"If Lithuania will suspend the implementation of the act of state independence which was taken by the Lithuanian republic then we can begin dis-cussions and I mean by this suspension during the period of negotiations," Mr Gorbachev told the Soviet parliament yes-

Moscow has previously insisted that Lithuania suspend or repeal the declaration as the pre-condition to any talks. Lithuania in turn has so far fistly rejected any sugges-tion it should suspend its March II declaration. Speaking at a news conference after more than an hour

of talks with the Soviet leader, of talks with the Soviet leader, Mr Vytautas Landsbergis, the Lithuanian president, said:

"I fear that tomorrow nothing will have changed but let's corbinates."

"I told President Gorbachev we will answer."

"I told President Gorbachev we will answer."

Moscow has brought the Lithuanian economy to its knees with a devastating two-

see how things work out the day after."

It was Mr Gorbachev's first

Landsbergis told the news conference.

"But he wants the govern-

Lithnanian mission in Moscow for talks at the Kremlin yesterday

meeting since March 11 with the Lithuanian president, who was accompanied by his Latvian counterpart, Mr Anatolijs

Lithuanian President Vytantas Landsbergis (right) and Latvian President Arnold Runtel leave the

"But he wants the govern-ments of Lithuania and of the Soviet Union to take steps towards each other. This is what I shall discuss with my colleagues in Vilnius and then we will answer."

Moscow has brought the

month old energy blockade. Mr Gorbachev told parlia-ment yesterday that Moscow could apply further sanctions if a "political" settlement failed to materialise.
"As this means returning to

Continued on Page 20 Gorbachev plan rejected, Page 2; Thatcher rules out dual membership for Germany,

Ryzhkov reforms set for rejection

By Quentin Peel in Moscow

THE Soviet parliament is set today to turn the Govern-ment's economic reform plans upside down, ordering radical institutional changes before price rises are approved, and giving President Mikhail Gorb-achev the green light to dena-tionalise state property by

The move amounts to a snub, but not outright rejec-tion, for the programme put forward by Mr Nikolai Ryzh-kov, the Soviet Prime Minister, who will be ordered to come back with a raft of precise reform plans by September to replace his present cautious strategy for switching to a

The proposed resolution of the Supreme Soviet, put forward by all its main economic commitees, freezes any approval for across-the-board price rises for food and con-

sumer goods proposed by the Government, except for a tri-pling of the bread price. However, even the bread price rise seems certain to be delayed, because the deputies

want full compensation to be agreed between the central governmet and all the republies. They have not accepted the idea of a national referendum on the reform package, proposing instead simply a form of national "discussion" on the compensation plans.
At the same time the resolution calls on the Government

to put forward a whole com-plex of measures, including îmmediate drastic cuts in gov ernment spending on captal investment and defence, financial, credit and price reform, by September 1. In the meantime it recom-

mends that President Mikhail Gorbachev approve some eco-

decree from July 1.
They would include privatisation and decentralisation of state property, creation of joint stock companies, legislation to promote the development of commercial banking, and of smarthuninesses, and promo-tion of "freedom of economic

nomic reforms by presidential

activity and entrepreneur-The parliamentary resolu-tion, which seems highly likely to win approval, coming from a wide range of parliamentary committees, does no more than

"take note" of the original Ryzhkov plan, the lowest possible form of parliamentary it calls on the Government

to approve ways of consulting the whole population on its compensation plans, and to carry out that exercise by August 20. By September 1, it should submit "a concrete programme of mutually-linked easures for the formation of the structure and mechanism of a regulated market econ-

These would include "new approaches to a financial, credit and price policy" - a clear snub to Mr. Ryzhkov's existing proposals for con-trolled price increases – as well as "proposals for changing the system of administering the economy," and cutting the budget deficit by reducing capital expenditure defence spending and "the maintenance of the state apparatus."

Then the Government is instructed to submit draft laws, covering everything from the creation of a stock exchange to new foreign investment laws, during September and October. Continued on Page 20

SEC ban on unequal share rights rejected by US judges By Roderick Oram

AN attempt by the US Securities and Exchange Com-mission to strengthen the vot-ing rights of shareholders was overturned yesterday by an appeals court in Washington. It struck down a "one-share, one-vote" rule implemented by the SEC in 1988 to stop companies issuing different classes of shares with unequal voting

In a unanimous verdict, the three appeals judges said the SEC had exceeded its authority by trying to regulate the way in which companies govern themselves. This was usually a subject covered by state ally a subject covered by state corporation laws, not by federal securities laws, they said. The appeal had been brought by the Business Roundtable, a lobby group for large US companies.

The SEC and leading stock

exchanges affected by the rul-ing said they would have no comment until they had stud-

Some 350 US public compa-nies have issued classes of shares with unequal voting rights. The strategy has been used, for example, by founding families to keep control of their companies after attracting capital from outside share-holders.

It is prevalent in publishing, It is prevalent in publishing, with newspaper owners like the New York Times and Dow Jones, publisher of the Wali Street Journal, arguing that concentration of voting power in certain classes of shares controlled by insiders helps measure increasing interesting independent. preserve journalistic independence.

A few companies, faced by hostile takeover bids, have issued stock with enhanced voting rights to friendly share-

holders.

The issue came to a head in the mid-1980s after the New York Stock Exchange sought permission to change its oneshare one-vote rule, which dated back to the 1920s. The exchange wanted to accommo-date the wish of General Motors to issue shares with lesser voting rights to help pay for an acquisition.

The Big Board allowed GM to list the new shares, trigger-

ing a public debate.

After extensive hearings, the SEC adopted a compromise ruling with many exemptions.
Unequal share structures were
allowed, for example, for companies issuing shares for the
first time, and for foreign com-

Hopes of early ERM entry boost London markets

By Philip Stephens and Andrew Marshall in

HOPES OF full UK entry to the European Monetary System sent London's financial mar-kets sharply higher yesterday despite Government efforts to reduce the City of London's expectations.

A report in the Financial Times that sterling's entry might be as early as September, and at a higher level than now, sent the pound to a four-

month peak on its trade weighted index. In the House of Commons, Mrs Margaret Thatcher, the Prime Minister, stuck to her Government's long-standing formula on ERM membership, saying that Britain would join only when the conditions agreed at the Madrid summit

had been met.
Mr John Major, the Chancel-lor of the Exchequer, told the German Chamber of Industry and Commerce in London that "a good deal of progress has been made on a number of these conditions, but they have not yet all been met."

Senior ministers, however, confirmed that the Government was now looking at an accelerated timetable aimed at taking sterling into the system in the autumn. Mr Douglas Hurd, the Foreign Secretary, is particularly anxious that Britain should be a full EMS member well before European Community's planned conference on Economic and Monetary Union in December.

Sterling suffered slightly after the official statements, but finished nearly 2 cents ahead against the US currency at \$1.7030 - in both London and New York - and also 3 pfennigs higher at DM2.8825. On the Bank of England's trade-weighted index against a basket of currencies, the pound closed at 90.3 - its highest since February 22 – up 0.8 on the day.

Both gilt and equity markets

advanced strongly, although this in part reflected shortages

But there is widespread suspicion in financial markets of the motives behind Government statements on the EMS. Many suspect that the authorities are talking the pound up, with little intention of making Continued on Page 20
Major warning, Page 2; Walters "just good friend," Page 10; Lex, Page 20; Gilts, Page 25; London Stock Exchange,

Page 33; Currencles, Page 40

Italy withdraws Venice from Expo race after political revolt

By John Wyles in Rome

A REVOLT by both houses of the Italian parliament has pushed the Italian government into withdrawing Venice and its surrounding Veneto region as a candidate for holding a World Exhibition in the year

The eleventh-hour decision brought joy yesterday to the large international army of art-ists, historians and devotees of the La Serenissima, whose warnings that the Expo would be the death of Venice have won strong support in recent months in the European Parlia-ment and the Italian legislature. It means that the 40 comtries participating in the key meeting tomorrow of the Par-is-based Bureau International des Expositions will now have to choose only between Hanover and Toronto.

Mr Giulio Andreotti, the Prime Minister, told a meeting of Senate party leaders that Venice's candidacy would not be confirmed tomorrow. The government later released a statement regretting that opposition had not emerged earlier to a proposal which had

matured well over a year ago.
It was not until the end of last week that a clear majority of the Senate threatened to vote against Expo in an emeryour against expo in an emer-gency resolution to be put today, while a similar majority in the lower house, the Cam-era, has materialised only in

Mr Carlo Ripa de Meana, the Italian who is European Com-missioner for the Environment, last night jubilantly welcomed the abandoning of "a senseless project" and called for an

angrily into battle in recent months against Mr Gianni De Michelis, the Italian foreign minister, a fellow Socialist and a Venetian. He invented the Expo idea with the declared aim of forcing the Italian political class to find answers to Venice's declining population, pollution difficulties and frequent suffocation from tourist

be_overridden. The minister believes that the Expo project has fallen victhe last 48 hours.

urgent and serious attack on Venice's problems.

Mr de Meana has ridden

Mr De Michelis was apparently bowing to the inevitable on Monday evening when he

told a meeting of the Venice city council that the Expo would have been "a good thing" for the city, but that "the democratic will" could not

tim to extremely misleading predictions that Venice would drown under the weight of additional tourism. But he has been guilty, along with the consortium of Italian industrial companies which backed the idea, of taking public opinion too much for granted. According to some estimates, Mr De Michelis had been able

to use his position to build up a majority among the Bureau's governments in favour of The minister says that he

has mounted no more than a normal lobbying effort compa-rable to the efforts of West Germany and Canada in support of their cities. He denies having using the Italian aid programme as a carrot and stick in dealings with Latin American and eastern European gov-

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Gold: The effects of Saudi Arabian selling19 Interview: A view from the top of Bank

Fuelling the fires of alarm in the Middle East

For all the insistence of Mr Yitzhak Shamir that his new coalition is committed to peace, its policy positions and his own statements offer precious little prospect of a softer, gentler Israel

Stock Markets Gold ______ 32 Intl. Capital Markets 25,28 Technolog

New York close: \$1.7030 (1.6860) \$1,7030 (1,6860) DM2.6825 (2.8525) FFr9.6975 (9.5975) SFr2.4450 (2.4275) Y263.00 (260.00) £ index 90.3 (89.5) GOLD New York: Comex Aug \$359.1 (-\$0.6)

MARKETS

STERLING

\$356 (+\$1) N SEA OIL (Argus) Brent 15-day \$15.825 (15.525) Chief price changes yesterday: Page 21

DOLLAR DM1.8964 (1.69265) FFr5.7090 (5.6970) SFr1.4363 (1.4402) Y154.60 (154.785) DM1.6290 (1.6915) FFr5.8960 (5.6925) SFr1.4360 (1.4400)

Tokyo close: Y154,40 US lunchtime rates Fed Funds 82% 3-mo Treasury Bills: yield: 7.96% Long Bond: 103½ yield: 8.43%

\$ index 67.8 (67.9)

Y154.45 (sa

STOCK INDICES PT-SE 100: 2,370.7 (+21.9) FT Ordinary: 1,901.00 (+23.1) FT-A All-Share: 1,168.08 (+0.9%) FT-A World Indeed **New York close**

DJ Ind. Av. 2,933.42 (+40.85) S&P Cor 361.91 (+0.28) Tokyo: Nikkei 32,322.31 (-217.87) LONDON MONEY 3-month Interbank: closing 1453% (15) Life long gilt future Sep 84½ (83½)

Duncan Gordon ARICS 40 Charlotte Square, Edinburgh EH2 4HQ Telephone: 031 220 4455

Western allies reject Gorbachev plan on Germany

By Robert Mauthner in London and Quentin Peel in

THE Western allies yesterday quickly rejected President Mikhail Gorbachev's suggestion that a united Germany should become an "associate member" of both the North Atlantic Treaty Organisation (Nato) and the Warsaw Pact.

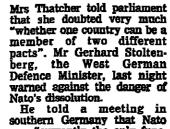
The Soviet leader yesterday called for a radical change in the structure and military doctrine of the North Atlantic alliance, to ease Soviet fears about a united Germany becoming a full Nato member.

He suggested once again that some form of dual membership of both Nato and the Warsaw Pact for the united Germany would be the best transitional arrangement, before the creation of new pan-European security bodies replaced the present military alliances.

US President George Bush told reporters: "Our position is well known to him, which is that a unified Germany should be in Nato with no conditions." Chancellor Helmut Kohl of West Germany and Mrs Margaret Thatcher, the British Prime Minister, also both dismissed the suggestion as

"This is a proposal we do not consider as realistic. We reject it," Mr Kohl said bluntly, while





was "currently the only functioning security system in-Europe

Mr Bush said that the idea of dual alliance membership had been put forward by Mr Gorba-chev during his summit talks with him in Washington two weeks ago, but that the US was standing by its original posi-tion that there was no alternative to a united Germany's membership of Nato.

"The more talking we do, the more convinced I am that they will see what we're proposing is more stabilising," be said. However, Mr Bush said Nato would listen to any other ideas that Mr Gorbachev was likely to float.

Mr Gorbachev, warned, in an otherwise optimistic assess-ment of the results of his Washington summit with President Bush, and last week's summit of Warsaw Pact leaders, that outright German membership of Nato would destabilise the European secu-

rity balance.
"In that case we would have to look again at many points in the (conventional arms) talks in Vienna," he said. Mr Gorbachev also said that the Warsaw Pact had agreed to

"re-examine its very essence, in connection with the changes in Europe". "We have the right to hope that Nato will respond in the same way. We would welcome changes in its military doc-trine, engendered by the Cold War, and furthermore we would welcome this happening

at the next Nato council meeting in London in June.



Last week's Warsaw Pact summit in Moscow signalled the intention to "transform" the union a political alliance by the end of this year.

The declaration to this effect was put forward by President

Vaclay Havel of Czechoslo-

vakia and supported by Poland and East Germany. Mr Rainer Eppelmann, the East German Defence and Disarmament

Minister, predicted afterwards that the Warsaw Pact's mili-

tary leadership, the United

Supreme Command, would cease to exist before the year was over. East Germany would withdraw from the Pact after unification with West Germany

many, he said. exist The seven-member Pact

has been steadily drained of its military effectiveness since the collapse of communist leader-

ships in eastern Europe. Mr

Jozef Antall, the new conserva-tive Hungarian Prime Minister,

said recently that Hungary would withdraw at the appro-priate time and Czechoslovakia

expressed a similar sentiment.

Supporters of Bulgaria's opposition Union of Democratic Forces demonstrating outside Sofia University yesterday against alleged govern-ment manipulation of what were hilled as the country's first free elections in 58 years. The Socialist Party, formerly the Commu-nists, appeared to be headed for a decisive win

By Lesile Colitt in East Berlin and Agencies

THE WARSAW Pact is

disintegrating as a military

served to keep the Soviet Union from becoming a dan-gerously isolated nuclear

power, Mr Jiri Dienstbier, the Czechoslovak Foreign Minister said yesterday. His statement came as War-

saw Pact defence ministers saw Pact defence ministers open a three day meeting in East Berlin today which is likely to be among their last before the military alliance

becomes a political grouping.

Mr Dienstbier said that the

Soviet Union has begun to

relinquish military control of

eastern Europe, but the War-

saw Pact still remains necessary to negotiate disarmament

and move toward a new Euro-

pean security order. Czechoslovakia wants to

stay in the alliance and help

forge an order that includes the Soviet Union, he said. For

the first time, the Warsaw Pact

is useful to us. We should do everything to pull them (the Soviet Union) into Europe."

alliance but should be pre-

Warsaw Pact necessary

'to negotiate disarmament'

in the elections, which took place on Sunday. Victory would make them the only former Com-munist Party in the Soviet bloc to win a multi-party election. ne 8,000 students gathered at the university and called for a strike as they blocked the university's entrances.

to a minimum, although he added that some special cases would be unavoidable. Howcreation of a joint EC/Efta consultative body. W German industry's failure to invest in the east criticised

pean Free Trade Association. which start tomorrow in Goth-

soon as possible and with no

role in the talks for it and for

the parliaments of the Efta

Commissioner for external

affairs, tried to reassure MEPs

that exceptions would be kept

By David Goodhart in Bonn

WEST GERMAN industry's apparent reluctance to invest on a large scale in East Germany was yesterday sharply criticised by Mr Helmut Hauss-mann, the West German Economics Minister.

Addressing the 1,200 delegates at the annual meeting of the Federation of German Industry (BDI) Mr Haussman said: "I observe with anxiety the declining readiness to take courageous, job-creating, investment decisions in East Germany."

He condemned "the small-minded doubters, the subsidy seekers and the book-keepers" who have come to dominate the debate about East Germany and pleaded with West German business to go and invest in the country and in the rest of eastern Europe.

On the positive side he said that merely the repurchase of small companies forcibly nationalised in 1972 in East Germany was creating a new group of self-employed, 100,000-strong, which would form the basis of a job-creating East German Mittelstand.

He also welcomed the reorganisation of the Treuhandan-stalt, the trust body which owns most of East German industry, passed by the East German cabinet on June 6. The reorganisation brings the trust directly under the prime minister's control and gives it an executive board of five and an advisory council of 15 mem-

bers. Mr Haussmann and West German business leaders hope that it will help speed up privatisation. The economics minis-ter also welcomed the decision to hand over to East German companies ownership of their own land which will increase their creditworthiness.

Mr Tyli Necker, the BDI president, also warned against business pessimism towards East Germany. He expressed

some fears, too, over surrounding the East German economy ing the East German economy with too many protective barriers during the transitional phase to a market economy. "Import quotas and taxes will only promote shopping in the west and smuggling." he said. In addition to import controls and investment incentives East German husiness is

ever, he held out no hope for Parliament to play a direct part in the negotiations, but promised that the Commission

would continue to keep MEPs

informed.
Although Parliament sup-

ported the creation of an EES,

some MEPs warned that the

negotiations could divert atten-

tion from the single market. They argued for the need for

new bodies to ensure that Efta

countries complied with EC

rules, and to solve any disputes

that came up.

The proposed EES must have

a strong social dimension, it was agreed yesterday by a joint meeting of the EC's Eco-nomic and Social Committee

and its equivalent in Efta, Rob-

ert Taylor writes from Gothen-

Both sides also called for the

tives East German business is still pressing for a complete waiving of its corporate debt. Bonn remains opposed to such a move but it appears that there will be flexibility in

 The restructuring of the East German energy sector will take 10 years and cost DM50bn (\$29.6bn) according to Mr Uwe Pautz, a state secre-tary in the East Berlin Envitary in the East Berlin Envi-ronment Ministry. Economic union on July 1 will mean the end of East Germany as a cheap energy country and the average household can expect to pay DM110 per month more for energy.

Eurofer complains to Brussels

By Tim Dickson in Brussels

EUROFER, the club of hig integrated steelmakers, has accused Egypt. Argentina, Yugoslavia, Trinidad and Tobago and Turkey of dumping quantities of wire rod on the European market.

In an anti-dumping com-plaint to the European Commission Eurofer says imports from these countries increased from 60,000 tonnes in 1986 to about 500,000 tonnes in 1989. Their share of the Community market, meanwhile, jumped from below 1 per cent to 11 per cent over the same period "due

to their unfair practices." Alleged dumping margins of the five countries range from 12 per cent in the case of Trini-dad and Tobago to 56 per cent in the case of Argentina.

Eurofer says it has asked Brussels to intervene "urgently," given that during the first four months of the year the importers between them requested licences for 100,000 tonnes for the German market, while during the first two months Yugoslavia requested licences for 93,000 tonnes for Italy.

Kohl and Mandela meet

MR Nelson Mandela, ANC Dep-MR Nelson Mandela, ANC Deputy President, said yesterday after a meeting with Mr Helmut Kohl, the West German Chancellor, that Mr Kohl might be prepared to ahandon his support for a review of existing EC sanctions against South Africa writes David Goodhart in Bonn.

Goodhart in Bonn.
Mr Mandela, who strongly opposes any relaxation of sanctions, is in West Germany, South Africa's biggest trading partner, as part of a six week tour of Europe and North America. He said that Mr Hans-Dietrich Genscher, West German Foreign Minister, sup-ported his position and that Mr Kohl, who has always had doubts about the merits of sanctions, "might be prepared to reconsider his stance."

World airline profits hit by high costs

WORLD airline profits declined by 23.5 per cent last year because of higher fuel and labour costs, Paul Betts, Aerospace Correspondent, writes.
Operating profits before
interest charges on international scheduled services fell to \$2.6bn (£1.53bn) last year from \$3.4bn in 1988, the Interna-

tional Air Transport Association (IATA) reported in Geneva It blamed the earnings decline essentially on higher fuel costs which account for about 15 per cent of the total operating costs of international airlines. Rising labour costs also hit profits. Mr Neil Gle son, IATA's managing director, described last year's earnings as "pretty minuscule" com-pared with the overall turn-

over and investment costs. Annual operating revenues of IATA airlines from interna-tional services exceed \$60bn. Airlines are also committed to huge investments to renew and expand fleets. They are expec-\$500bn over the next 15 years

Major warns against rapid move to EMU

Chancellor, yesterday outlined an evolutionary path towards European Monetary Union, writes Andrew Marshall

In a speech to the German Chamber of Commerce and Industry in London he warned of the dangers of rapid transition towards EMU, but outlined safeguards to ensure

EMU. During this open-ended period, the economic policies of EC countries would be brought closer together, to increase "economic cohesion",

Rut Mr Major also said that this process could continue into Stage 2, when institutional development of full union begins. "To make safe and secure progress, we must look for evolutionary arrangements which move forward beyond Stage 1, while allowing the process of economic convergence to continue, he said. Mr Major suggested three elements to

MR John Major, and co-ordination of monetary ■ "Closer co-ordination of exchange rate policy and inter-

vention against external currencies, notably the dollar and ■ Promoting the use of the

Other EC countries have suggested that after Stage 1 is more steady progress.

Mr Major detailed an approach to Stage 1 of the Delors Report, a blueprint for complete, speedy progress towards union would be possi-ble. But, Mr Major said that "a rapid jump forward would be

highly risky".

Mr Major also underlined the UK's doubts about the Eurofed, the proposed European central bank.
"An independent Central

Bank does not seem to us the right body to exercise ultimate control of monetary policy," he said. "If it is independent, how can it be accountable? If it is to be accountable, how can it be independent?" The practical issues of Stage

and not the later stages of EMU, should be discussed BCurrency stability and convergence on low inflation,

Pöhl pronouncements leave EC guessing

By Peter Norman, Economics Correspondent

MR Karl Otto Pöhl, president of the West German Bundes-bank, is a master of delphic

So when he emerged from Monday's meeting of European Community economic and finance ministers in Luxembourg talking about the possibility of a two-speed EC monetary union, it was only natural that a game of "hunt the sub-text" should start in Community capitals. A straw poll of officials who

had either taken part in the meeting or talked with participants suggested that Mr Pöhl's remarks to the ministers were rather less dramatic than yesterday's newspaper headlines. One RC Commission official understood the Bundesbank president to have suggested that perhaps Portugal or Greece, rather than Britain, would not be ready to join the projected European system of central banks in its early stages. Such thoughts are not

exactly new. But Mr Pöhl has been long enough on the Community stage to know that any hint of "two-speed Europe" touches a raw nerve. It encapsulates the

debates of the 1970s and 1980s, when the original six members of the Community underwent
the difficult process of adjusting to the EC's growth into a
more diverse community of 12
nations, including Britain.

The frustration experienced
by both the original core of
Community countries and the
newcomers was often
expressed in plans for a twospeed Europe.

The speed with which the
debate over EC economic and
monetary union has advanced
on the continent over the past of the Community underwent

on the continent over the past two years now makes talk of a two-speed EMU appear plausi-There is a strong feeling in

the central banks and finance ministries of West Germany, France and the Benelux countries that these five "core" members of the European Mon-etary System could already move swiftly to having a common central bank and currency.
The Belgian Government, for

example, has already agreed in principle to tie the Belgian franc more closely to the D-Mark than through the existing rules of the EMS.

As West Germany's inflation rate has crept upwards in recent months, both The Netherlands and France have boasted more stable prices

than Germany.
Ironically, Mr Pöhl's remarks
could well have struck a sympathetic chord among some of
those close to Mrs Margaret Thatcher, the UK prime minis

Only last week her friend, Mr Nicholas Ridley, the Trade and Industry Secretary, out-lined his vision of a wider European Community in which member states could choose the extent to which they joined in monetary union.

He also made clear that he did not think EMU was the way forward for Britain. EMU was a "strait-jacket," Mr Ridley said, while the EMS exchange rate mechanism was more flexible; a "waistcoat, which has large room for expansion by loosening the strap at the

Mr Ridley's views are thought not to be those of the British Cabinet, where advocates of a cautious progress towards EMU appear to be gaining the upper hand. But

the EC Commission, Mr Pöhl's remarks in Luxembourg conremarks in Luxembourg conjured up the picture of an unholy alliance in favour of a two-speed Europe; with the Bundesbank on the one hand and those in Britain opposed to greater institutional integration in the EC on the other.

Such a two-speed approach would undermine efforts of the Commission over the past two decades to keep all EC members moving towards a more

for committed Europeans in

bers moving towards a more integrated Community, while accepting that transitional rules and temporary exemptions have to be tolerated in specific instances to cope with differing stages of economic development among member

states. Mr Pöhl's remarks were also further proof that the Bundes-bank will not stand in the way of EMU. But the West German central bank yesterday hesi-tated to provide any further insights into what lay at the back of its president's mind.

For that we will have to wait until July 2, when Mr Pohl is due to give an important lec-ture, updating his thoughts on EMU, in London.

Iberia condemns **US ruling**

IBERIA, Spain's state-owned airline, condemned a decision by the US Department of Transport to exclude it from computer booking systems in the US and said it would take its case to court, Reuter

reports from Madrid.
"The decision is scandalous and an example of blatant partiality towards a US airline," an Iberia official said. The ruling, made on Friday,

upheld a complaint by American Airlines against Iberia on its Sabre booking system, a decision the Spanish airline made effective from June 12 Iberia in turn had filed a

complaint with the department against American Airlines alleging unfair competition in the Spanish market by making Sabre available to travel agents at no cost providing they guaranteed a minimum

volume of bookings.
Iberia alleged that since the Dallas-based airline was charging it \$2 per ticket commission on Sabre bookings made on its aircraft it was essentially subsidising American Airlines' expansion in Spain.

The department rejected this and said that by pulling out of Sabre it was affecting American Airlines' trade in Spain. It added that in the absence of a solution to the dispute by June 20 Iberia would be excluded from the other three hooking systems in which it partici-

pates in the US.

The ruling, if confirmed, could affect up to 20 per cent of Iberia's passenger traffic to the US. Iberia, which last year carried 14.9m passengers and is one of Europe's top five airlines, sees the decision as an opening salvo in a forthcoming

war with US airlines.

An Iberia official said the airline would not change its position during the 12-day breathing space.

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All the elements of an industrial failure

The East German chemicals industry is almost beyond salvaging, writes Peter Marsh

R Jürgen Dassler, director of the Leuna chemicals complex, sits in his spacious office near Leipzig and contemplates the future with a worried frown.
"It will be very complicated."
he says. "We have too many
old technologies." The ramshackle plant, the biggest in the East German

chemicals industry,illustrates many of the economic problems that will face the country after unification.

Leuna is one of 15 kombinate (state holding companies) which make up East Ger many's chemicals industry, the eighth biggest in the world and, in eastern Europe, second

only to the Soviet Union. The

industry employs 300,000 people and last year had sales of about 100bn Marks (£35bn, at the new exchange rate). The industry has close past links with powerful West German chemicals companies such as BASF, Bayer and Hoechst, which owned large parts of it until the end of the Second

World War. Originally part of BASF. Leuna dates from 1916. Today it is well past its prime. Years of under-investment have rendered much of its manufacturing equipment rusting and obsolete. The plants are linked by 400 miles of pipework, all of which, managers say, needs

replacing. A drive around the sevensquare-mile complex reveals near-dereliction, with steam with groups including Britain's Dr Dassler hopes to use new



THE CHALLENGE **OF UNITY**

hissing from leaks in nipework. ruined buildings, and a strange concrete structure that turns out to be a half-finished restaurant for Leuna's 27,000 workers. A third of them are engaged in full-time mainte-

The list of problems facing Leuna - and much of the East German chemicals industry – include: Lack of investment. Dr Das-

sler says Leuna has been receiving only a third of the investment it has needed. Almost all its production equipment is at least 15 years old – ancient by western stan-dards. Dr Dassler, who thinks modernisation will require "billions of D-Marks", hopes to get at least some of the money from joint ventures with west-

ern companies. Talks have already opened

BP, Rhône-Poulenc of France and Mitsui of Japan. But West German companies have so far shown little interest. Quality of managers and workforce. Leuna, which in the past simply filled production quotas set by the government, is having to build a marketing

department and accounting systems from scratch. Though average pay, about 1,000 Marks a month, is much lower than in West Germany, Leuna is heavily overmanned. Dr Dassler says 7,000 workers there could lose their jobs in the next few years. Little sophisticated research and development is done at Leuna. Currency. Mr Johannes Schmidt-Tophof of the Wiesba-den office of consultants Arthur D. Little says: "On the cost side they (the East Ger-

rency. It will be a big prob-Roughly 20 per cent of Leuna's sales of 12bn Marks last year was exported to western countries such as France, Belgium and West Germany and paid for in hard currency. Another 10 per cent went to other east European nations. • Product quality. Leuna makes about 500 different chemicals, including plastics, petrol, inorganic materials such as ammonia and indusquality and prices to compete on world markets. One London chemicals

trader says: "In the 1970s prod-uct quality in the East German industry was very low and it sold simply on low price. In the past decade quality and consistency has improved notably. It may sound silly but their main problem is presentation and marketing. They don't use the right kind of packaging to make their products look

attractive to the average industrial buyer."

Pollution. Dr Dassler admits pollution at Leuna is "very dramatic". The River Saale which flows through the plant is polluted with ammonia disarges and other chemicals. Cleaning-up promises to be an immense job and is one reason why many western companies which had investments in East man industry) will need hard currency to improve their plants but on the income side Germany are hardly clamourthey are used only to soft curing to return. • Legal problems. Even if western companies replaced

existing East German plants with completely new ones, they could face legal claims from workers and residents for past damage to their health. Another problem is uncertainty about property ownership. "How can you be sure if you buy a company in East Germany that it owns its land?" asks Dr Guiseppe Vita, chairman of Schering, which ran several chemicals plants in trial and household chemicals. eastern Germany before the

investment to raise product which might be interested in investing in East Germany are also worried about how freely they could lay off surplus workers.

• Raw materials. Leuna, like much of the East German industry, depends heavily on locally-mined lignite (brown coal) and oil and gas brought by pipeline from the Soviet Union. There are question marks over all these materals. Lignite produces much pollu-tion in the form of sulphur dioxide, while the east European trading bloc Comecon's planned switch to hard-currency trade is expected to make Soviet oil and gas sup-plies dearer and scarcer. Dr Dassler wants to explore alternatives, such as connecting Leuna to a gas pipeline which BASF plans to lay across central Germany.

Much of the future for the

chemicals sector in East Germany is likely to depend on big West German companies. But their interest so far is lukewarm and limited mainly to marketing ventures. Almost all of them think they could sup-ply most of the East German market for chemicals from their plants west of the Elbe.

None the less, Bonn is widely expected to press West German chemical companies to do more to help. Some observers think they may agree only if the West German Government relaxes some of its tough laws on pollution control and war. Chemicals companies on pharmaceutical prices.

Spain's anti-inflation policy pays dividends

By Peter Bruce in Madrid

ALMOST A year after taking the peseta into the exchange rate mechanism of the European Monetary System to inject greater anti-inflationary discipline into the economy, the Spanish government is beginning to taste the fruits of

It announced yesterday that consumer prices remained con-stant in May. The performance, the best in 18 months, means prices have risen 2.2 per cent so far this year. Annualised inflation fell from 7 per cent to 6.8 per cent, leading some analysts to strengthen predictions that domestic interest will soon

The Finance Ministry said food prices had fallen by almost a full percentage point during May, which would bear out hopes that the strength of the peseta since it joined the ERM last June would begin to the strength of the str cheapen imported foodstuffs. cheapen imported foodstoris.
The ministry said the underlying rate of inflation, which has fallen steadily since last November, rose slightly in May to an annual rate of 6.7 per

Coming a day after unem-ployment figures for May showed the number of jobless down nearly 53,000 to 15.55 per cent of the workforce - the lowest level since 1983 - the latest inflation figures are an important political boost for the Socialist Government,

which is campaigning hard to retain control of the large prov-ince of Andalucia in elections there on June 23. Although both the April and May inflation figures will have

buoyed the government, falls in interest rates are by no means certain. The Bank of Spain insists that it is not uncomfortable with the peseta trading near the top of its 6 per cent fluctua-

tion band against some EMS currencies, notably the French franc, and that the supply of money is still growing too quickly. Moreover, the government of the Prime Minister, Mr Felipe González, is warning that it may even have to toughen a very strict credit squeeze, which was imposed last year, if the current round of talks with the trade unions on pay are

not successful. Spanish pay deals are settling at well over 8 per cent this year. The government is trying to

win agreement on a "competitiveness pact - really a dis-guised wages pact - under which any pay increases over the rate of inflation are met with increases in productivity. The issue is complicated as both the government and the Bank of Spain are also pressing employers to establish as yet undefined investment funds in which to channel part of their

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WORLD TRADE NEWS

Brussels deal with John Brown Confidence in Soviet ventures is shaky, writes Charles Leadbeater 'ready at year-end'

FINANCING for \$400m-\$500m (£236m-£295m) etilylene tofict venture between John Brown of the UK and the Soviet Union's Gasprom agency will not be ready until late this year or even early

mandate to example the deal. Siberia. the amounts it expected to raise in the market, but bank-ers smiller with Soviet project finance said a long lead-time could be expected, especially given current market condi-

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Even the \$30m loan to finance the modernisation by John Brown of a polyethylene plant at Buddyenovsk in the South Russian province of Stavropol took just over a year to prepare before it was signed in May last year. Morgan Grenfell also arranged that loan, which called for lenders to be repaid out of the sales of poly-

model for large scale project financing in the Soviet Union.

When it finally appears, the new loan is likely to involve a substantial measure of self-fin-ancing for the Jehn Brown/ 1991, Soviet finance specialists. Gasprom senture. The two-salt yesterday. said yesterday; enterprises sim to build an eth-Mergan Grenfell, the UK: ylene and polyethylene plant meschant bank which has the at Novi Urengol in western

> Bankers said Morgan Grenfell is also likely to look for substantial backing from western export credit agencies to support the deal. Without such self-financing

in recent weeks,

and official support it would be difficult to syndicate a large-lean for the Soviet Union in a banking market which remains concerned about late payments

Rumours and horror stories about the difficulties of Soviet late payments were rife, casting a shadow over plans for joint ventures. But assessments of the impact of the payments histus differ markedly. Mr. Richard, Coles, who heads the Soviet operations of Midland Montague, the merchant bank, believes the payments delays could permanently undermine the confidence of western investors unless it is for Soviet imports.

By the time the new deal emerges, the hope is that the market situation will have western investors unless it is resolved soon. Mr Robert Scallon, director improved as the Soviet authoriof Barciays Bank's east Euro-pean export and projects department is confident a soluthe delays by the third quarter tion will soon be found. The payments delays will not dim the allure of the big Soviet

R NICK Applegarth was the most envied man in the seedy bar ments were coming in late, has been one of the worst hit. It is owed a substantial amount, of the Hotel Dniepro in Kiev thought to be more than £5m. last Saturday. The manager of Case Communication's with much of the money outstanding for five months. The lack of hard currency has delayed deals to build two acrylic fibre plants: If the operations in eastern Europe had just been told the company had been paid £900,000 for one

of its recent contracts in the Soviet Union agreements are not signed soon they will be put on ica.

Mr David Thompson, chairman of Rank Xerox the photo-Soviet Union.
Case, part of the Dowty
Group, was virtually alone
among the UK companies gathered for the British industry
trada fair which had been paid copier company, which is owed firm, said: "Six months ago Rumours and horror stories

these people were the best in the world. They paid promptly without any disputes. Imperial Chemical Industries, is owed about £1m, a sum which does not compare with the amounts owed to its West German competitors such as Bayer and RASF.

German competitors such as Bayer and BASF.
Yet the payments delays do not seem to have altered British companies approaches to the Soviet market. The cautious have been made a little more wary, the bullish are only manginelly less enthusiastic.
Allied-Lyons, the food group, which has some late payments on an ice cream project in Moscow, is honing to secure a Ukrainian joint venture which could make juice ture which could make juice and fruit products for the Soviet market and for export. market, he says.
Courisulds, the textile and chemicals group, which first noticed in February that pay-Mr Allan Gormly, managing director of John Brown, which venture to build a polyethylene

plant, stresses the importance of getting to know partners well enough to assess their cre-ditworthiness. There are no credit rating agencies or pub-lished accounts to help. "Some of the companies in trouble have been less than prudent about who they are doing busi-ness with "he said

about who they are nong pushness with," he said.

Courtaulds is now being much more cautious, it will only make sales when they are backed by a letter of credit. It attributes the crisis to the Foreign Economic Bank, which is fighting to maintain its monopoly on foreign exchange deal-ings. It apparently decided to refuse hard currency to enter-prises which had signed deals without its permission. The crisis may be more a product of the bank's reassertion of its authority than anything

ank Xerox, which is confidently planning a series of joint ventures including an assembly plant, is projecting a fourfold growth in copier sales by 1996. There are only about 40 copiers per million people in the Soviet Union compared with 300 per million in Latin America where gross domestic product per head is domestic product per head is about the same.

the company will not be affected as it plans to take its profits from the price of the kit

Olivetti CP486

However even the most care fully laid plans can come unstuck as the experience of one of the most prestigious British joint ventures shows. The Femtech venture outside Kiev, created by Tambrands, the tampon manufacturer, is one of the few to start manu-

It got a special dispensation to take its profits out in the form of cotton, which was supplied to its west European plants. However, in April, the law on joint ventures was suddenly changed and exports of cotton were banned. For three months the company has been accumulating a largely useless

mountain of roubles.

Mr Gary West, the plant director, says the company still plans a second plant with 20 production lines capable of supplying about 20 per cent of the Soviet tampon market. The company is hoping it will be able to get round the ban — which stipulates that joint ventures have to add value to a product – by bleaching the cotton. Last week it managed to get its first ahipment out for

But he added ruefully: There is no guarantee of a stable political environment here and without stability there will be no business confi-

Hungary switches trade from Comecon to west

By David Buchan and Nicholas Denton in Budapest

HUNGARY will reach an historic mark this year when its trade with the European Community exceeds for the first time that with its Comecon pariners, according to Mr Bela Kadar, the new Minister for International Economic

He revealed that trade with the Soviet Union and other east European countries was collapsing even faster than expected as tit-for-tat export cuts and the Soviet econ crisis grow.

Hungarian exports to Com-econ fell in the first five months of this year by 31 per cent from the same period in 1988 while hard-carrency-carning exports rose by 19 per

Speaking on the eve of the summit of European Free Trade Association (Efta) leaders in Gothenburg, Sweden, at which he and his Polish and Creekeelersk counterparts. Czechoslovak counterparts will sign co-operation agree-ments, Mr Kadar made clear that an export drive to the west was essential to compen-sate for the faster-than-expected contraction of his coun-

ted contraction of his country's eastern commerce.
Senior Hungarian trade officials hope to negotiate parallel free-trade agreements with both Efta and the EC. Mr Peter Balazs, director-general of the Ministry of International Eco-

gary's need for a long transi-tion to protect its vulnerable sectors, hitherto dependent on the Comecon market.

"Hungary needs more or les a decade to reciprocate free trade," said Mr Balazs, indicating that more ambitious goals such as membership of the EC or KFTA were even further off. Hungary has rejected as "untimely" last week's sugges-tion by Poland that the two countries join in a payments union with Czechoslovakia to keep current levels of trade. Budapest is more concerned about forthcoming talks with Moscow on how quickly they should move from barter trade when dollar accounting come

one reason is that most of Comecon's trade is with the Soviet Union. Another, Mr Balazs said, was the common reaction of Hungarian officials who ask: "Why should we finance all the troubles of Poland in the framework of congration?"

He predicted Hungary's East Bloc trade could fall to half its 1980s level before stabilising. Asked whether Hungarian companies faced with this might not be tempted to sell at any price in western markets, Mr Kadar said that, after subsidy cuts, "those who dump would go bankrupt".

Trade talks split over right of banks to operate abroad

By William Duttforce in Geneva

THE RIGHT of banks and inamial operators to establish an office or a subsidiary in another country has emerged as a sharply-divisive issue in talks in Geneva on how to bring financial services under the umbrella of a General Agreement on Trade in Ser-vices (Gats).

vices (Gats).

The big trading powers, led by the US, which have been pushing for the liberalisation of the fast-expanding \$600bm (2355.025m)-s-year trade in services, consider that access to other countries financial mar-kets should be enshrined as a fundamental obligation under the agreement expected to result from the trade-liberalising Uruguay Round.

However, several developing countries, notably India, Brazil and Egypt, insisted yesterday that the right of establishment should be subject to negotlation and not become an obliga-

tion. Establishment was only one of several points, on which opinions diverged, during the first two days of a four-day meeting of the working group set up to determine the special characteristics of financial services. vices which might call for a separate agreement under

work of general principles to be applied to all trade in services similar to that provided by the General Agreement on Tariffs and Trade (Gatt) for

trade in goods.

The US in particular has been calling for financial services to be handled as an annexe to the Gats.

This is principally because the US Treasury argues that this is necessary to ensure that governments can maintain adequate prudentiai controls over banks and finance compa operating on a liberalised,

Some 45 delegations, most of them buttressed by officials from their finance ministries, are discussing a broad range of issues regarded as peculiar to financial services.

In addition to the right of establishment and prodential control, they include the scope of liberalisation for cross-border financial services provided without establishment, and the right of temporary entry to a country for personnel that are essential to provide the ser-

the principles to be embodied in Gats - is another matter on

Many developing countries want to apply to financial services the traditional Gatt definition of national treatment that one country should accord to the institutions of another, treatment "no less favourable" than that accorded to its own

The US and Canada argue that under this definition, de jure national treatment would not prevent de facto discrimi-

nation.

They refer to interest rate controls that restrict foreign banks, and to barriets to new players in markets white only domestic institutions operate

National treatment, in the view of the North Americans, "equality of competitive oppor-tunity" compared with domes tic practitioners or the "equiva lent treatment" recently adopted as an obligation in an addition to the OECD Invisibles Code.

These two approaches, it is argued, focus on the effects of national regulations on the competitive ability of foreign financial institutions, wher the traditional Gatt definition simply compares the treat-ments offered to foreign and domestic practitioners.

The only near-certainty emerging from the working group's initial deliberations is that there will have to be a special agreement in some form on financial services.

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Minister urges South Korea to invest more in Australia

By John Ridding in Secul

GARETH Evans, Australian Minister for Foreign Affairs and Trade, yester-day called for increased South Korean direct investment in

Speaking during a three-day visit to Seoul, Mr Evans said there were good investment opportunities in minerals processing, car components, tex-

tiles and food processing. He stressed Australia's commitment to the Asia-Pacific region, which he said was the world's most dynamic area. and called for greater regional economic integration through development of APEC (Asia Pacific Economic Co-operation), a 12-member grouping launched last year.

But little progress was made in resolving outstanding bilateral trade issues. South Korea

has demanded Australia remove quotas on textile, clothing and footwear imports and that the 40 per cent tariff on car imports be lowered.

Mr Evans said all quotas would be removed by 1995 and the Australian Government was reviewing protection of the car industry. The bilateral trade imbalance, which last year totalled \$1.24bn (2730m) in Australia's favour, had been narrowing in recent years.
Substantial barriers existed

in the Korean market with regard to farm products and the service sector. But Mr Evans welcomed the recent agreement on access for Australian beef, as "the first important step in Korea's undertaking to eliminate its remaining import restrictions

US computer groups 'uncover software counterfeiting ring'

By Louise Kehoe in San Francisco

US-based software counterfeiting ring that alleg-edly produced more than 30,000 illegal copies of MS-DOS, the popular personal computer-op-erating system program pub-lished by Microsoft has been uncovered by on investigation led by Microsoft and Everex Systems a Colfornia paragral Systems, a California personal computer manufacturer, the

Microsoft, the leading per-sonal computer software pub-lisher, said it had helped US authorities find the "software

pirates" and had filed joint suits, with Everex, against 10 individuals and six companies in New Jersey and northern

Microsoft and other US soft ware companies have filed dozens of suits against alleged copiers of their programs in Europe, Asia and the US in the past year. "We will not tolerate infringement of our intellectual property rights or rights of our licensees." Mr William Neukom, Microsoft's vice presi-

Japan set to take lead in electronics, says US study

By Peter Riddell, US Editor, in Washington

JAPAN is set to take over from the US as the world's leading electronics producer and trader in the next few years if relative growth rates continue according to a Commerce Department study critical of the record of

the federal Government. The 221-page report has been seized upon by leading Demo-cratic, business and academic advocates of greater govern-The Commerce Department

says in the preface that the report represents its views but does not necessarily reflect those of the Administration and has not received interagency clearance. Senior offi-cials in the White House have resisted calls for an industrial policy and calls by the department to back particular sec-

This and other recent reports warning of the challenge to the US's competitive position in new technologies were highlighted vesterday by Rebuild America, a lobbying group calling for a more active industrial policy. In a pamphlet entitled

Fiddling while US Industry Burns, the group attacked the "troika" of Mr John Sununu, the White House Chief of Staff, Mr Michael Boskin, chairman of the council of economic advisers, and Mr Richard Darman, budget director.

Mr Lester Thurow, dean of the Massachusetts Institute of Technology's School of Management, argued on behalf of Rebuild America that the Com-merce Department's reports 'clearly repudiate the troika's ideologically driven efforts to block government support for electronics and other leadingedge industries."
The Commerce Department

report notes that, "in contrast to foreign governments, the US government has not had a coordinated set of policies directed to this sector. In general, the US has followed an ad hoc approach, the effect of which has been to place the US electronics sector at a competi-tive disadvantage vis-à-vis some of its foreign competi-

tors."
US suppliers of a broad

range of products, from silicon wafers and memory chips to computer displays and telecommunications network switches, have seen their worldwide market shares rapidly decline. The situation is even bleak for some of the newest technologies: X-ray lithography, optical storage devices and flat panel dis-

The report concludes that US leadership in electronics "may very well be eclipsed unless continued tenacity by the US private sector is accompanied by a higher degree of consen-sus within the industry and improved co-ordination with academic, federal, state and

local governments.' In particular, the report highlights the drop in the share of US companies in electronic patents, which is "reflected in the declining capabilities of US firms relative to the Japanese in the research and development phases of bringing key elec-tronic technologies to market."

Baker concedes pressure on treaty

THE Bush Administration yesterday formally conceded for the first time that the recently signed US-Soviet trade treaty would not be approved by Congress until the Lithua-nian crisis eased, Peter Riddell

Until now the Administra-tion's sole formal pre-condition for the trade deal has been the passage of a Soviet law codifying and liberalising emigration, and it has publicly fudged the Lithuanian issue.

In testimony yesterday to the Senate Foreign Relations Committee, Mr James Baker, the US Secretary of State, acknowledged: "We do not believe that Congress will approve the commercial agreement until the deadlock over Lithuania is broken. That is a fact of political life."

Mr Baker also expressed con-cern about Soviet support for Cuba and Cuban backing for the rebels in El Salvador. "Con-tinued Soviet military assisexception to the Soviet Union's new thinking on regional

Mr Baker described as "falling short of the mark" the actions and "public and private responses" of the Palestine Liberation Organisation following the abortive attack by a terror-ist group on Israeli beaches

st group on Israel beaches two weeks ago.

But he told the committee that the US had not yet made any decision on whether to cut off the 18-month old dialogue with the PLO. "We want to weigh matters carefully and do so without the pressure of arti-ficial deadlines," he said, not-ing that any suspension of talks would have far-reaching ramifications on Middle East

make new debt plans for Peru

By Robert Graham in Lima

MR Alberto Fujimori, Peru's president-elect, is expected to distance himself from the country's current debt strategy when he takes office on July 28.

Mr Fujimori and his advisers are understood to be anxious to rejoin the international financial system. The future president is already planning a visit to Europe, Japan and the US, where one of his main objectives will be discussing Peru's external finances.

During the past five years of President Alan Garcia's administration, Peru's rela-tions with the international financial community have deteriorated close to the point of expulsion from the International Monetary Fund. A group of banks has begun a New York court case against Peru seeking immediate pay-ment of \$2bn.

Mr Fujimori's economic advisers indicated that Peru would rejoin the international financial system in stages. Peru has accumulated arrears of \$9bu, of which some \$2.5bu is owed to multilateral agencies. The first step would be to tackle arrears with the IMF, the World Bank and the Inter-American Development Bank. Peru has accumulated arrears of \$800m owed to the Fund; but since last December, it has made all current payments due since November 1989. This has ensured that Peru is not declared to be not co-operating. Another meeting is due between Peru and the

Fund on June 20, when Peru-

vian officials are expected to press for a three-month post-

ponement of any decision that would prejudice the incoming

Fujimori to | High cost of getting tough on tankers David Thomas and Peter Riddell on oil spills and burning questions

THE COINCIDENCE of a blazing supertanker
drifting in the Gulf of
Mexico and Shell's decision to
suspend crude oil shipments to dozens of US ports has highlighted one question: how tough is the US prepared to be on the oil business in the name of the environment?

For Shell's decision was indeed coincidence. Although announced only on Monday, just when the Norwegian tanker Mega Borg and its 38m gallons of crude threatened to burn out of control, the Shell decision had been long in the making.

The Anglo-Dutch oil company began to ponder the vul-nerability of its shipping operations in the US after the Exxon Valdez spilt 11m gallons of oil off Alaska last year. Its resolve to suspend the use of its own ships in almost all US waters hardened as Exxon's clean-up costs spiralled above the \$2bn mark.

Mr Ian McGrath, managing director of Shell International Marine, the group's shipping subsidiary, explained that Shell had tried and failed to find insurers to cover pollution

risks of more than \$1bn. The US poses particular problems for the oil business because – unlike most other industrialised countries – it has not ratified International Maritime Organisation conventions which limit the liability of tanker operators and oll companies to claims for pollution damage. These conventions restrict total liability to about \$80m in most cases. In the wake of the Exxon Valdez disaster, the London-

based Protection and Indem-nity clubs (P&I), which provide

liability insurance for oil tankers not least for spills in countries that have not ratified the IMO convention, increased their standard maximum insurance cover to \$500m, with an



extra \$200m tranche available on top. But both the insurance companies and the tanker operators argue that the mishash of federal and state laws in the US opens up tanker operators to unlimited liability

Measures dealing with oil pollution liability were at the heart of oil spill legislation introduced into the US Congress after Exxon Valdez. The legislation is stalled because of disagreements over the scale of liabilities for oil companies and over requirements for double-

hull tankers.

The Senate approved a bill last August and the House of Representatives passed a slightly different version in November, but a joint conference has not been able to agree a compromise. This has created uncertainty both for the oil industry and for the US Coast Guard and others trying to prepare plans on how to cope with large spills.

The legislation would establish 10 main bases for Coast Guard response teams around the US and would require vessel operators and companies to prepare plans for handling the worst possible spill without Under the proposals federal liability limits would be raised substantially - more than seven-fold, on one plan - and a trust fund to provide \$1bn per spill would be set up with revenues from a five-cent-a-barrel

At the same time, some states are planning their own oil tax provisions. California's voters are to be asked in a "Big Green" referendum in November to impose a 25c-a-barrel tax on oil passing through the state which would go towards a \$500m spill fund. The oil companies and the

insurance industry want a pro-vision that limits further liabil-ity claims resulting from com-panies' good-faith efforts to clean up, especially given the scope for states to seek higher damage awards than those allowed by federal law.

Calls for the US to ratify

IMO conventions setting uniform liability limits, with an insurance fund to pay for spills, were renewed yesterday.
"This underlines the necessity for the US as soon as possi-ble to ratify the international treaties on compensation and liability for oil pollution," said Mr Kristian Fuglesang of the

Oslo-based International Asso-

ciation of Independent Tanker Owners, which claims to represent more than half the world tanker fleet.

This warning was echoed

yesterday by Exxon, the largest US oil company, although Exxon said that it had no plans to restrict use of vessels owned or managed by its tanker affiliates for shipments to US ports. The legislation logiam in the Congress requires resolution not just of the liability issue, but also of the across-the-board proposals for double-hulled tankers. The oil industry, and its influential congressional supporters, are trying to mod-ify these proposals. They are concentrating on the timetable for changing over to double hulls and seeking concessions to allow tankers with single

century. Meanwhile, Shell's Mr McGrath said: "If more shippers took the same view as we do, a situation could arise where the ships available to the US would not be of the same high standard."
Thus legislation designed to

hulls to operate into the next

crack the environmental whip over the oil companies could result in even more spills around the US coast.

'Degradable' bag claim misleading, allege state attorneys

By Karen Zagor in New York

THE state attorneys of seven US states yesterday filed law-suits charging Mobil Chemical with deceptive advertising and consumer fraud for claims that its Hefty line of rubbish bags are "degradable".
The attorneys, led by Mr

Hubert Humphrey of Min-nesota, allege that Mobil mis-led consumers into believing that the so-called "degradable" bags would break down when thrown out with household

The issue could have far-reaching consequences for industry because the growing number of consumers who choose products based on whether a product is deemed degradable, recyclable or oth-erwise harmless to the envi-

Mr Barry Cutler, director of consumer protection for the Federal Trade Commission, said the lawsuits would pro-vide guidance for other companies about the claims they can make for their products. He added that the task force was investigating a number of other companies which make disposable rubbish bags and

Although many products. such as paper and some plas-tics, are degradable when exposed to wind, rain, sun and air, they lose these properties when buried in a landfill.

Although the bags contain an additive which makes them break down into smaller pieces of plastic when exposed to the elements for several months, "most garbage bags aren't let out in the sunlight to degrade" said Mr Hum-

phrey.
The attorneys "do not want bags degrading in landfills because they may release toxic substances that will leach into the groundwater," he added.
According to Mr Humphrey,
Mobil said it would discontinue its "degradability"
claims in March after a task force of the attorneys and the Federal Trade Commission began their investigations.

However, under federal and state laws, a company's decision voluntarily to withdraw product claims is not necessarily a defence against legal

"We're pleased that Mobil promised to stop making false claims after it was caught redhanded, but that doesn't mean that Mobil won't be held accountable," said Mr Hum-phrey. He added that Mobil had sold millions of the bags in Minnesota and that they were still being sold through out the state.

NEWS IN BRIEF

Balaguer named winner in **Dominican Republic poll**

PRESIDENT Joaquin Balaguer has been declared the winner in Dominican Republic presidential elections, defeating his closest rival by a narrow margin, Reuter reports from Santo Domingo.

The Central Electoral Board said on Monday the 83-year-old incumbent had scraped a 25,145-vote advantage over chief opponent Juan Bosch, another octogenarian, in the May 16 elections. It gave Mr Balaguer 678,568 votes against 653,423 for Mr Bosch and his centre-left Dominican Liberation Party (PLD).

According to Dominican law, however, presidential aspirants have five days to challenge the board's results before the victor can be officially proclaimed, the statement said

Monday's result came after a wearying, almost four-week delay, aggravated by repeated opposition charges of fraud.

The nearly-blind Mr Balaguer, of the centre-right Social Christian Reformist Party, could now win his sixth term as president.

Canadian rates to stay high

There can be no reduction in Canadian interest rates until infla-There can be no reduction in Canadian interest rates until inflation is brought under control, Mr John Crow, Covernor of the Bank of Canada said yesterday, Andrew Marshall writes.

The easing of constitutional problems has led to market hopes of lower rates, partly because of comments by ministers.

Mr Michael Wilson, Finance Minister, has previously said that borrowing costs were increased by the Meech Lake row, implying that a successful conclusion should reduce interest rates.

that a successful conclusion should reduce interest rates.

But high short-term interest rates are an attempt to prevent a recurrence of the inflationary problems of the early 1980's, Mr Crow told the Canada-UK Chamber of Commerce, Independence urged for central banks, Page 9

Colombian violence grows

Another policeman and a soldier were murdered in the cocaine capital of Medellín in the hours following what was described as the most violent weekend in the city's history, police said yester-

day, AP reports from Bogotà.

The two men were shot dead in two separate incidents late on Monday in a poor section of northeastern Medellin, police said. Interior Minister Horacio Serpa reiterated the Government's commitment not to negotiate with drug traffickers, who are accused of carrying out a campaign of bombings and murders.

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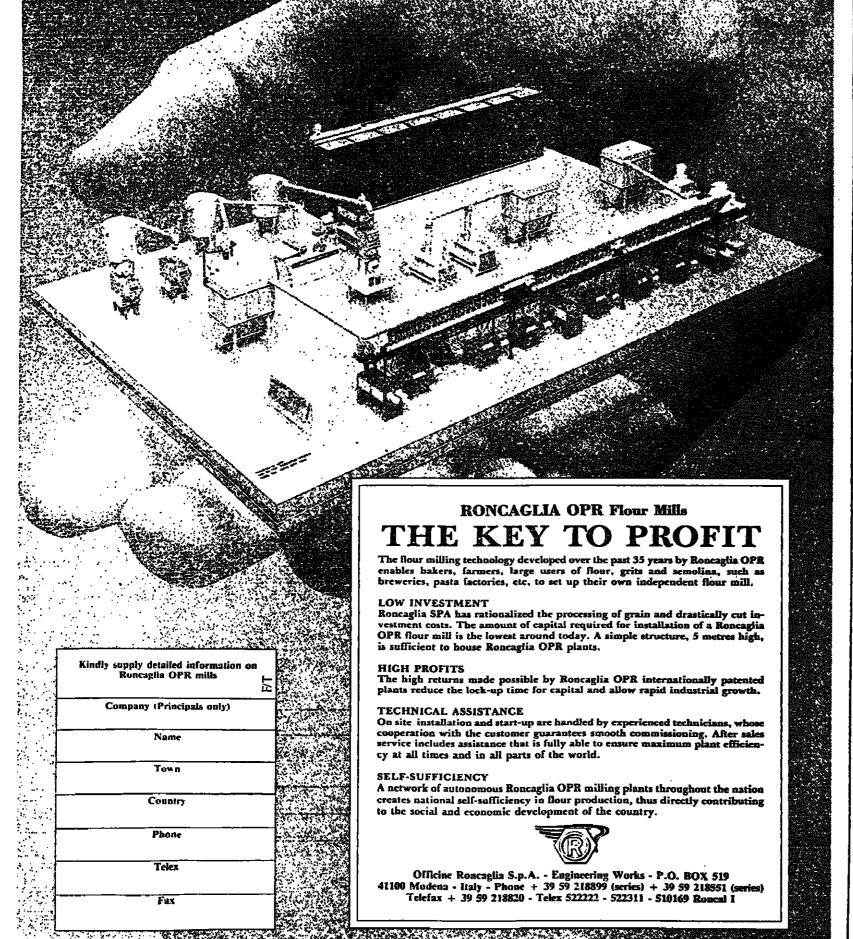
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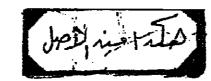
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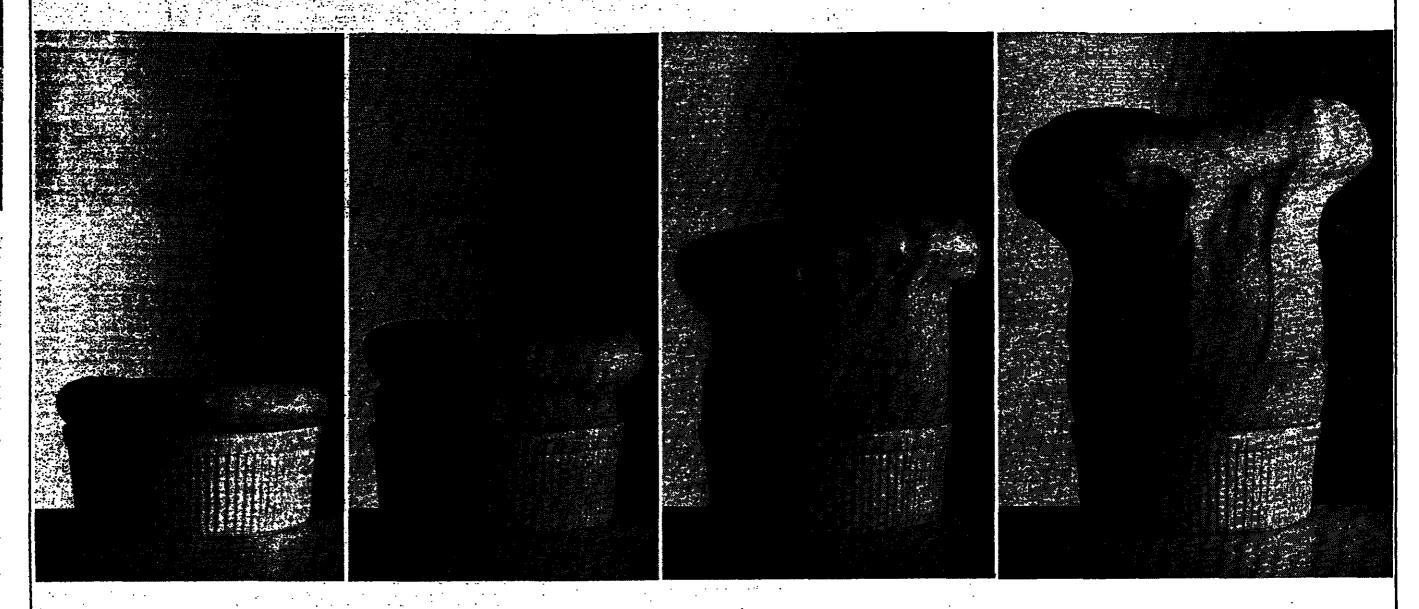
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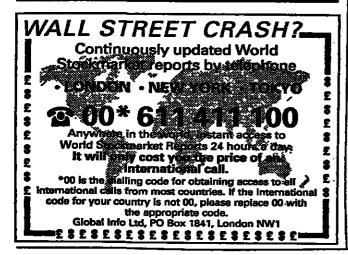
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FINANCIAL TIMES

AMERICAN NEWS

Argentine trade on the path to maturity Mendoza's wine industry is the pace setter for a revival in exports reports Tim Burt

JOSE Octavio Bordon likes wine. Mendoza, the western province of Argentina gov-erned by Mr Bordon, last year earned \$26.26m from wine exports and hopes to increase

The Peronist state governor,

sold to a consortium of wine

growers. Mr Bordon said the Mendoza-based company is now in a position to export to

The province's wine indus-

try, which produces 70 per cent of Argentina's wine, is a model

for other industries seeking exports, according to Mr Bor-don – who was once tipped to be foreign minister and who

turned down the job of Minis-ter of Public Works.

ter of Public Works.

Mendoza, which is regarded as the "breadbasket" of Argentina by its governor, is developing exports of fruit and vegetables. The olive growing sector earned more than \$32m in export sales last year, hotly followed by garile exports which earned \$22.9m

that surplus in the 1990s. who turned down a ministry in the Menem Government to

concentrate on developing a free market economy in Mendoza, sees the wine industry as the pace setter for change in Argentina.

The Bordon administration has embarked on a privatisation programme which last year saw Giol, the largest wine producer in Latin America,

NIGEL BICKNELL

on 071-873 3447 or write to him at: Bridge London SE1 9HL

Mr Bordon, who has taken on the unions - the traditional Peronist power base - in Mendoza, and wants to develop exports from heavy industry such as the oil and power, last week led the first Argentine trade delegation to London since the Falklands conflict in a bid to revive trade with

Britain. The war "devastated" Anglo-Argentine trade and formal relations between the two countries were suspended for eight years. Mr Bordon thinks the diplomatic and business climate is now ripe for British investment in Argentina, and specifically in Mendoza in new grape-processing plants, hydroelectric projects and in the ical industry.

His delegation aims to restore links with the lucrative British market following the isruption caused by the Falklands conflict. "Our objective is to multiply exports fourfold

'Argentina is developing a free and fair market. The enemy is not the market but inefficiency and corruption,'

and increase significantly our purchases in the UK," Mr Bor-don said. "Argentina is devel-oping a free and fair market. The enemy is not the market but inefficiency and corrup-tion," he added.

GROWING BUSINESS

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FINANCIALTIMES

er One, Southwark Bridge London SE1 9HL.

Jose Bordon: keen to revive trade with Britain

The governor of Mendoza is, however, a cautious politician. Speaking in London before the trade delegation of company resident and junior state min isters travelled on to Moscow, he attacked union power and the cost of the military but carefully avoided criticising

the Menem presidency.

Mr Bordon has been tipped as a possible presidential candidate of the future and he is keen to attract the support of reform-minded Argentin "We must abandon the old ways: we don't want protection and we don't want subsidies

we want efficiency," he says.
It sounded more like a cam-

paign slogan than a message to foreign businessmen.

He is critical of trade unions which resist the development of a freer economy and warns: We do not want to ship back to the 1970s (when the military took power) but forward in to the 1990s... We are reducing the burden of the armed forces on our budget. The army will not disappear but it will be dif-

The major problem, however, is overcoming the negative image of a country domi-

nated by a huge foreign debt and hyper-inflation.

Mr Bordon, who describes himself as "a good salesman for my country", said Argen-tina will have to abandon subsidies and protectionism to attract investment. He points to the example of Mendoza, where changes in the conserva-tive agricultural industry resulted last year in exports of produce worth \$113m.

The biggest incentive for foreign investors looking at Argentina would be a visible improvement in the national economy

His successes in the western province has already boosted trade with the US and Canada, which together spent more than \$49m on imports from the region last year. Exports to the Americas are developing faster

than with Europe. Brazil conrently accounts for more than 30 per cent of the province's \$206m export trade, followed by the US. Chile and Canada. The only significant European market is France, which buys \$6.94m worth of Mendoza pro-

Mr Bordon hopes to build on that success in Europe, and Britain in particular. I don't think there is any country among the northern industrialised nations that understands

Argentina's industry and finance so well as Britain, he "We want to buy British expertise and technology." But Mr Bordon admits that the biggest incentive for foreign investors looking at Argentina would be a visible improve-ment in the national economy. He told businessmen in London that Argentina will be steering a middle-course fol-lowing the examples set by Chile, where the economy was

freed from state intervention during the Pinochet years, and Brazil, where a young president has taken radical steps to cut bureaucratic corruption and spending while raising

There will be no quick results, Mr Bordon predicted. "We have a great task of fiscal reform. We go forwards and backwards and I'm sure we will make mistakes. "But I am sure we are on the

Columbia sent back to hangar

THE shuttle Columbia was sent back to the hangar yester-day for repair of a hydrogen leak that will ground the spacecraft until August, AP reports from Cape-Canaveral.
Columbia's flight with the
\$150m Astro observatory was
called off two weeks ago when
the leak was detected during.

fueling.
Officials suspect the leak is in or near a tight cavity between two metal plates that connect the orbiter and the external fuel tank. The tank will have to be disconnected, a leb that can only be done at job that can only be done at the hangar.

Venezuela seeks advisers for privatisation process

By Joe Mann in Caracas

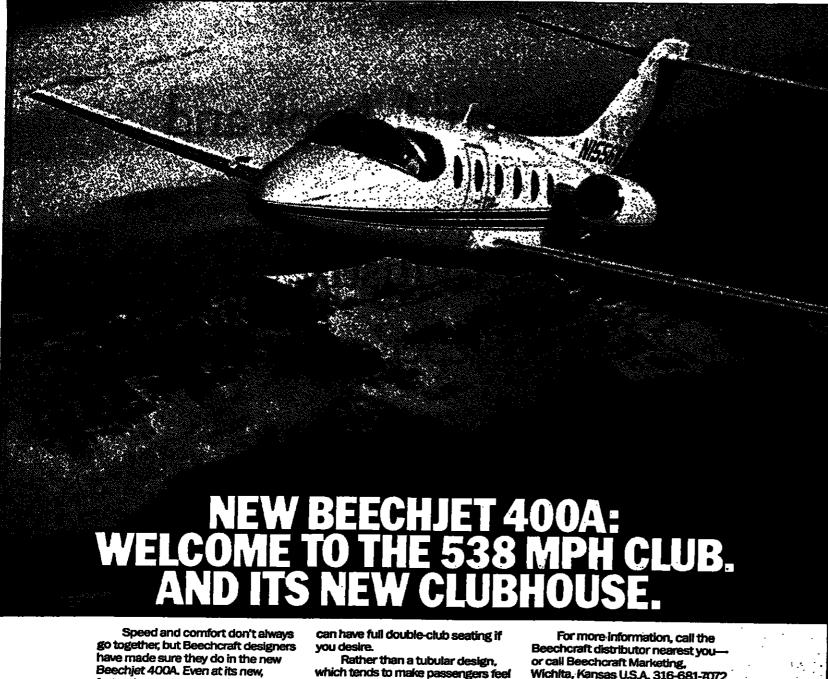
THE Venezuelan government has issued a public invitation to domestic and international consulting firms, investment banks and certain other finan-cial entities who wish to prequalify as advisers for its privatisation programme.
Advertisements carried in

the Venezuelan press said that the privatisation scheme would cover companies in the sectors of telecommunications, air-lines, shipyards and maritime freight, hotels, agro-industries, cement, metals, machinery and race tracks.

The government of president Carlos Andres Perez, which began a five-year term in Feb-

ruary of 1989, announced soon after taking office that it would privatise a large number of companies owned or controlled by the state. Up to now, how-ever, there have been no privatisation agreements, due mainly to legal and political complications. The govern-ment said that it would move ahead this year with privatisation of three commercial banks controlled by the state, and with private investment in Viasa, a government-owned international airline.

The Venezuelan Investment Fund, based in Caracas, is in charge of the privatisation pro-



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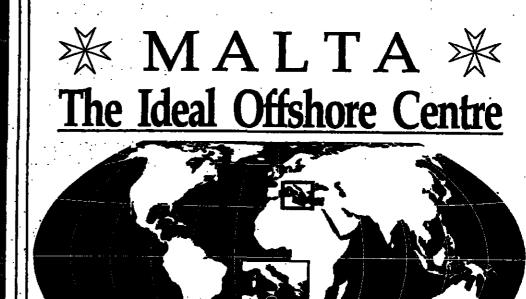
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Japanese business confidence falling, says bank report

BUSINESS confidence in Japan has declined in the last three months, according to a report published yesterday by the

Bank of Japan. Mr Masaaki Nakao, the chief economist, said Japan's economy was slowing down gradually but there was no indication in the central bank's findings that a sharp decline in growth was imminent.

The study, called tankan in Japanese, is the bank's key survey of short-term business trends and is the first carried out since Japan's financial markets were plunged into tur-moil in mid-February. Its findings disappointed investors in the stock market, where the Nikkei index fell 217.87 points

to close at 32,332.31.

According to the survey, the confidence rating of manufac-turing companies fell in April to 48, against 52 in February

and 53 last November. The rating for non-manufacturing companies dropped one point to 48, with considerably larger declines for real estate developers, trading houses and other interest-rate sensitive sectors. In particular, the index for leasing companies plunged

Mr Nakao said that despite declining confidence the economy remained on a plateau.

The central bank raised its

in capital spending by 4.1 percentage points to 11.2 per cent for the financial year to the end of March 1991. Manufacturers alone would increase spending by 16.5 per cent, an increase of 5.9 percentage points over the bank's previous

But the report offered no comfort for inflation-watchers. More companies said they expected increases in product prices than at any time since

May 1984. Mr Nakao said the central bank believed prices had to be kept under close surveillance. However, fears over labour

shortages eased slightly from a record level in February. But the decline is accounted for by companies recruiting in April their annual intake of graduate trainees. The September survey is expected to show a sharp rebound to above Februarv's levels.

Companies are also seeing their access to supplies of new funds becoming more difficult. The confidence rating over cash positions fell from 25 to 21 and is expected to decline further to 14 in September.

Turmoil in the stock market has made it impossible for companies to raise new equity funds and lenders have become noticeably less accommodat-

Yen weakness slows rapid decline in trade surplus

By Robert Thomson in Tokyo

THE swift fall in Japan's trade surplus slowed in May, with the weakness of the ven retarding import growth and prompting higher export volume.
Figures released by the

Finance Ministry yesterday showed a surplus in May of \$3.13bn (£1.85bn), down 16.6 per cent from the same month last year. Export value fell 0.9 per cent to \$21.51bn, and imports rose 2.4 per cent to \$18.38bn. In April the surplus fell by 51.4

per cent from a year earlier. Exports to the US declined by 4.5 per cent in May, although imports from there fell by 0.2 per cent, leaving a bilateral surplus of \$2.44bn. down slightly on the last year's

\$2.75bn surplus, Japan's exports to the EC rose 7.1 per cent to \$4bn, while imports climbed 32.3 per cent to

\$2.86bn.
But the overall trade pattern for the month suggests that weakness of the yen is disrupt-ing Japan's trade adjustment. Clothes imports, a useful indi-cator of short-term trends, fell 15 per cent, while total exports by volume rose 8.4 per cent, well above last year's average

of 3.8 per cent. Seasonally adjusted, the May surplus was \$3.4bn, up from \$3.18bn in April, with exports rising 2.2 per cent to \$21.4bn

Fears of backlash follow ceasefire in Sri Lanka

By Mervyn De Sliva in Colombo

THE Sri Lankan Government can counten points and year, parameter and Tamil Tiger separatist testing at the presence of guerrillas yesterday agreed to Indian troops in Sri Lanka, end fighting that has risked a India favoured the Tigers' return to civil war on the more moderate rivals.

been holding peace talks with President Ranasinghe Premadasa since January, had launched simultaneous attacks on police stations and isolated army camps in the ethnically mixed eastern province. They had taken many Sinhalese hos-

Their renewed violence was a sign of frustration at the slow progress of talks aimed at dissolving the north-east provincial council and the holding of fresh elections in the Tamil-

dominated region. The council was set up to grant Tamils a measure of the regional autonomy pledged by former President Junius Jayawardene under the India-Sri

Lanka peace accord. posed amendments to the Pro-vincial Councils Act to allow the body to be dissolved. enabling elections to be called. The Supreme Court starts to consider the measures this

But the Tigers regard the procedure as foot-dragging and appear to have restarted violence to encourage swifter

THE Sri Lankan Government cial council polls last year, pro-

A western diplomat said:
"The Tigers are giving the Government a bit of a hurry up, doing what comes most naturally to them." Unconfirmed reports put

army and police casualties at more than 30 dead. The Tigers have also over-

run the Point Pedro police station in the north and have surrounded the main army fort in Jaffna, the northern Tamil Fearing a Sinhalese back-

lash, similar to the one which occurred in July 1983, the Government has appealed for calm, although tempers were run-ning high in parliament yesterday. Mr Ranjan Wijeratne, the

Defence Minister who is regarded as a hardliner by the opposition, told a tense house that unless Mr Velupillal Prab-hakaran, the Tigers' leader, controlled "criminal" elements, he might suffer the same fate as Mr Vartharja Perumal, the former chief minister of the north-east provincial council.

Mr Perumal declared independence for Tamil-held regions shortly before fleeing, under the protection of the They boycotted the provinIndian peace-keeping force, to exile in Madagascar.

Zhu: step up understanding

High-level Chinese trade group visits HK



because of continuing economic reforms in China. In particular it is promoting a new \$10bn (£5.91bn) Shanghai special economic and industrial zone called Pudong. The zone, in an existing industrial coastal area, was authorised by Li Peng, the Prime Minister, earlier this

Shanghai is China's second city and its old industrial and financial centre. But it has been eclipsed in recent years by the growth of southern coastal areas around the provinces of Guangdong and Fujien where there are five successful special economic zones, the most prosperous of which is Shenzhen, adjacent to Hong Kong. Zhu came to prominence two years ago when he took office and launched an industrial policy aimed at cutting through Shanghai's stifling bureau-cracy. He handled last June's student

demonstrations deftly, working along-side Jiang Zemin, then the city's party secretary and now the country's party leader. He said yesterday that only a handful of dissident students were still in jail.

Zhu is today meeting Sir David Wilson, the governor. Yesterday he led a one-day investment seminar attended by 360 people and visited the stock exchange. He has met community and other leaders.

"My primary purpose is to step up understanding from which comes friendship, which leads to co-operation and mutual benefit," Zhu said yesterday. "The central government decision to go ahead with Pudong

shows the outside world that it is sticking to economic reform policies." Zhu said that Peking was providing Yn6.5bn (£819m) over five years to start Pudong, but he hoped that half the \$10bn total cost would come from foreign investors in joint ventures and wholly owned projects. The aim was to match and possibly improve on tax, investment and other concessions available in the southern special economic zones.

The 350sq km Pudong site lies between the east bank of the Huangpo River and the East China Sea. Existing industry includes a float glass joint venture involving Pilkington of

Chatichai faces US protests over copyright infringement

By Nancy Dunne in Washington

SIX senators on the powerful US Senate finance committee and the heads of eight industry groups are urging President George Bush to raise the issue of intellectual property rights when he meets General Chati-chai Choonhavan, Thailand's Prime Minister, in Washington

today. The senators claim that enforcement teams, main-tained in Thailand by intellectual property rights trade groups, have been subjected to death threats and forced to

curb their Thai operations. In letters to the Thai ambas-sador in Washington and Administration officials, the group warns of an "intolerable and inexcusable situation" resulting from the Thai Gov-ernment's refusal to enforce its

copyright law.

"Large-scale pirate manufacturers, whose names, owner-ship and places of business are widely known to the Thai authorities have formed an association designed to consoli-date their power and influence and to create a slush fund to

pay any criminal fines imposed on their retail dealers," one industry letter said.

Since the US joined the Berne Convention on copyrights in March 1989, the US motion picture and recording industries have maintained Thailand to ferret out manu-facturers of pirated tapes and turn them over to Thai authorities.

Losses to industry from intellectual property rights piracy is estimated to cost US industries about \$61m (£36.1m)

teams had initial success, the situation has quickly deterio-Enforcement against video pirates has also declined. Since March 1 last year, 48 raids have been launched by Thai

police, but none has resulted in a conviction. Only two cases have reached a court hearing. Also on the Prime Minister's agenda in Washington are: dis-cussions with State Depart-ment and White House officials



trade and economic ties, likely to include US efforts to enter the Thai tobacco market; and the ministerial meeting next month of the Asia Pacific Eco-

Thai officer corps allays fears of coup

By Roger Matthews in Bangkok

THAILAND'S senior military officers have called a truce in their row with the Govern-ment, at least until General Chatichai Choonhavan, the Prime Minister, returns from an official visit to the US.

The Prime Minister's departure for Washington came only 12 hours after the resignation of Gen Chavalit Yongchaiyudh, the deputy premier and Defence Minister. Thousands of officers demonstrated in of officers demonstrated an support of Gen Chavalit on Monday, but then reassured the Prime Minister that they would not attempt to overturn the Government

The unresolved row centres on allegations of corruption. Gen Chavalit, who only joined the cabinet in April after retiring early as army commander, was angered by allegations against himself and his wife

against ninsent and his whe
made by Mr Chalerm Yoobamrung, Minister in the Prime
Minister's Office.

A defiant Mr Chalerm, a former police captain whose political career has been marked by controversy, remained at his post yesterday. Although there

was no indication of what political price would be paid and by whom to settle the dis-pute, relieved investors and speculators pushed the stock exchange index up by more than 25 points, regaining more than half of Monday's losses.

The ruling party's spokes-man added to the spate of conman added to the space of con-spiracy theories circulating in Bangkok by suggesting that Gen Chavalit was the victim of a well-laid plot by the Prime Minister aimed at destroying his most serious political rival. While deploring the mili-tary's stated willingness "to

put honour before discipline," several Thai newspapers specu-lated that, by resigning, Gen Chavalit might have seriously damaged his chances of eventually becoming Prime Minis-ter. There was also criticism of the Prime Minister's apparent inability to control or disci-pline members of his cabinet.

Opposition parties, which later this month are to introduce a no-confidence motion against the Government, have praised Gen Chavalit's "princi-pled action."

Hardline Israel heightens Arab anger

By Lamis Andoni in Amman and Victor Mallet

THE Israeli Knesset's vote of confidence in the hardline gov-ernment of Mr Yitzhak Shamir prompted angry condemna-tions yesterday from Palestinians and other Arabs already near despair about the pros-pects for Middle East peace.

"This is a government of war," said Mr Faisal Husseini, a leader associated with the Palestine Liberation Organisa-tion and with the *intifada* or uprising in the Israeli-occupied

West Bank and Gaza Strip.

In its latest leaflet the underground leadership of the intifada urged Palestinians to step up their struggle and "burn the ground under the feet of the occupation army and the set-tiers". Mr Shamir has vowed to crush the uprising.
Palestinian leaders based in

the Arab world outside the territories say they fear a resur-gence of violence, in the form either of planned commando raids against israel or uncon-trollable terrorism. "We have reached a dead end," said one PLO official.

For more than two years Mr Yassir Arafat, the PLO chair-man, has given priority to diplomacy while suppressing Palestinian demands to resume the armed struggle against But 17 months after the start

An Israeli soldier threw a tear-gas grenade into a crowded waiting room of a United Nations maternity clinic in occupied Gaza City yesterday injuring 66 Palestinian children, most of them babies, the army said. Reuter reports from Gaza. An

official said the soldier acted contrary to orders. of the US-PLO dialogue which followed Mr Arafat's renuncia-tion of terrorism and recognition of the state of Israel, many Palestinians believe they have gained nothing from their con-

The US has threatened to end or suspend the dialogue with the PLO because of the PLO's failure explicitly to condemn a failed seaborne com-mando raid against Israel last month by one of its more radical factions, the Palestine Lib-

eration Front.
PLO officials have made a vague condemnation of attacks against civilians but have oth-erwise greeted the American threats with cynical shrugs. "Why should the PLO even consider any American demand of any kind?" asked Mr Abdullah Hourani of the PLO's executive committee.

'We have given a lot and have seen nothing in return." Arabs are particularly incensed about the current infinx of Soviet Jews to Israel because they believe that the wave of immigration is encouraging the Israeli authorities to settle more Jews - Soviet or not - on Palestinian land. There is anger that Washington has not put more pressure on Israel to stop it.

The last straw for the PLO was the American veto which killed a recent UN resolution to send a mission to the occupied territories to investigate the plight

of the Palestinians.
Yesterday King Hussein of
Jordan, many of whose subjects are of Palestinian origin,
met Mr Vladimir Petrovsky, Soviet Deputy Foreign Minister, and condemned both the Israeli Government and its handling of the Soviet immi-

President Mikhail Gorbachev has suggested he might curb the emigration of Soviet Jews if Israel settles them in the occupied territories, but few Arabs believe that the Soviet Union is prepared to risk its relationship with Washington by carrying out such a threat.

Arab states are therefore

falling back on their own resources, including the militaristic posturing of Iraq, the dis-tant brandishing of the oil weapon, and the more immediate threat of guerrilla warfare. "We remain against terrorism and the killing of innocent

people," says Mr Yassir Abed Rabbo, who has led the PLO side of the dialogue with the US. "But the PLO has never dropped the military option".

upset Kenyan | Malaysian loyalists By Julian Ozanne in

Two fingers

IF Winston Churchill were to fly to Kenya today and flash his famous two-fingered vic-tory sign he might have his fingers chopped off for being a political subversive.

political subversive.

In public buses, market places and discotheques hundreds of Kenyans have taken to waving the two-fingered salute as a sign of support for the pro-democracy movement which is challenging Kenya's one-party dictatorship.

Kanu, the ruling party, which has traditionally had a cockerel as its symbol, is increasingly alarmed at two-fingered salutes and has instructed all its members to wave one finger at official junkets.

The latest worrying development in the battle of the fin-gers comes from a senior Kanu apparachik who has ordered the party's youth wing, a noto-rious bunch of green-bereted teenaged enthusiasts, to chop off the two fingers being

waved by the government's Mr Wilson Leitich, the Nakuru District Kanu branch chairman, has told the youthwingers to carry knives, to stop anyone waving the salute, cut off their fingers and take them to the Nakuru Kanu office. He also ordered them to confiscate trading licences from advocates

multi-party system.

A heated argument is also shaping up over whether it is constitutional to display the portrait of former president and Kenya's founding father, 10 Kenyatta.

Mr Joseph Kamotho, Kanu National Secretary, announced recently that the public was free to hang Mr Kenyatta's picture in their homes but they should not hang it on the same level as that of Mr Daniel arap Moi, the current presi-

Monopoly for news agency

MALAYSIA'S parliament yesterday approved a controversial hill to give the national news agency Bernama sole rights to receive and distribute

news in the country, Reuter reports from Kuala Lumpur. Officials said the amendment to the 1967 Bernama Act, intro-duced last February, would allow Bernama, now a statutory body, to pursue profits and become less dependent on

the government.
Mr Abdul Rahman Bakar, a government MP, said Bernama should only release news should only release news received from foreign news agencies "in tandem with our national aspirations. We don't want any articles with negative values which can pose a threat to the peace and stability of our country," he said.

The amendment also allows Bernama to cease being guided by UN declarations on freedom

of information. S African pact

Two rival South African antiapartheld movements signed a pact yesterday to prevent feuding between their supporters that has killed five people in Vosloorus township east of Johannesburg, Beuter reports from Johannesburg. In an unprecedented move the Afri-can National Congress and the smaller Pan Africanist Congress agreed at a meeting to work together to end hostili-



Salvation Front, cast his vote in Algiers yester-day in elections for municipal and provincial councils in the first free, multi-party vote since independence from France in 1962, Francis Ghi-

Sheik Abassi Madani, leader of the Islamic Salvation Front, cast his vote in Algiers yesterday in elections for municipal and provincial turnout was not particularly high, and in some areas, only 6 per cent of electors had voted by the middle of the day.

MPs' financial interests under microscope in NZ

MR Geoffrey Palmer, the New Zealand Prime Minister, out-lined a new law yesterday which will require members of parliament to disclose their financial interests within four weeks of taking office, Reuter reports from Wellington. The requirements, which aim to avoid conflicts between

members' private interests and

public duties, are similar to those applying to cabinet ministers from June 1.

The new rules followed a NZ\$6.95m (£2.38m) in WZ\$500 and outside income.

"Members will be required under legislation to make declaration with 28 days of the complex The new rules followed a Television New Zealand pro-gramme in late April which

suggested the Labour govern-ment's links with big business in the 1987 election campaign influenced economic policies. Mr Palmer and other minis-

damages.

Mr Palmer told a news conference that all MPs would be required to disclose the value of commercial property holdings, companies in which they hold shares, gifts of more than

"Members will be required under legislation to make a declaration with 28 days of taking up their parliamentary seat and annually thereafter," he

told the news conference. The next election has to be by October this

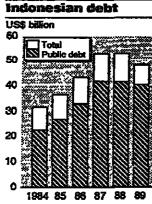
Changing world undermines Indonesia's case for soft credit

Strong growth and the end of the domino theory will be on the minds of donors this week, writes John Murray Brown

donor talks in the Hague since former President Sukarno told a visiting US official 25 years ago to "go to hell with your aid". As they present their case

for further donor assistance this week, the Indonesians must surely be hoping the taunt will not be recalled. The strategic priorities of western donors are very different today in a world in which Indonesia is no longer viewed as the place where aid and the domino theory meet. Eastern Europe changed all that.

It is no longer even easy to make a case for humanitarian aid for a country which last year saw its economy grow by



more than 6 per cent. Indonesia's public and pri-vate debt – disbursed and out standing - is now \$48bn, according to the World Bank.

Since President Suharto's military-backed regime took power in 1965, the Inter-Governmental Group on Indonesia (IGGI), which comprises 14 donor nations including the US and Japan, with the World Bank, the International Monetary Fund and two other multilateral aid agencies, has provided the greater part of Indonesia's external financing either in the form of grants or tied aid - soft loans which must be spent with the donor country. Unlike the indebted countries of South America, both Indonesia's maturity and term

structure are concessional,

thanks largely to the IGGL Of the \$40bn public sector foreign

debt, which does not include

loans to Pertamina, the state

oil company, and Garuda, the

national airline, \$6bn is owed

to banks, \$9tm is backed by official credit agencies and the remainder is in multilateral or bilateral credits. "The real elegance of Indonesia's debt strategy is they never seem to be short of

cash," says a senior banker involved in recent commercial syndications. Indonesia has avoided a big debt rescheduling by keeping a cushion of undrawn credit - \$16bn at the end of 1989,

including \$1.8bn of commercial standby credits. Some Indonesian economists argue for greater flexibility, in particular in soft loan financing. For one thing, the soft loan often subordinates the country's real financing needs to what the donor can offer.

Meanwhile, the Govern-

ment's ability to tap commer-

cial markets is improving, Indonesia won easier terms on a new \$400m eight-year syndi-cation, lead-managed by J.P. Morgan, launched last month. In a further sign of renewed confidence in Indonesia's economy, J.P. Morgan was also involved in arranging a \$550m credit for the expansion of Freeport McMoRan's Indone-

sian copper mine. Mr Radius Prawiro, chief economics minister, is more cautious. "We will borrow as far as it is in our capacity to repay. You have to borrow money wisely, not wildly. Our income level is still low. We still have to borrow cheap

According to official balance of payments projections, IGGI will again account for 70 per cent of Indonesia's \$6.5bn

external financing needs in 1990-91. The process involves an element of bluff. Donors are well aware that Indonesia needs the funds to pay the local costs of foreign aid pro-jects. Without special assistance many valuable capital equipment projects would be

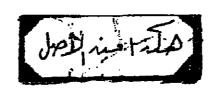
What is perhaps more impor-tant, donor assistance has allowed Indonesia to restructure its debt, giving the Gov-ernment valuable breathing space to press ahead with eco-

nomic reform.

The Government's short-term concern is to contain the debt and so reduce the deficit on the current account. which at \$1.7bn is around 2.2 per cent of gross national product. This strategy involves increasing its reserves to

match the growing import hill as the economy takes off. Cen-tral Bank reserves are \$5bn. The longer-term challenge is how to monitor the growth in private sector debt. Reformists such as Mr Prawiro remain wary of the various semi-priva-tised loan financings such as the Build-Operate-Transfer scheme, which is being floated as a way to get projects off the ground where the economics are sometimes less than

Indonesia has plans for four new oil refinerles and a num-ber of plastics projects. The worrying part is that almost all involve companies owned or controlled by President Suharto's children, which some bankers would appear to believe amounts to a full government guarantee.





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and energy projects.

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Key project for inner city youth faces cutbacks

By Norma Cohen

THE GOVERNMENT'S chief ever, he said the government is idvisor on city technology coleges, the science and technol-igy schools for inner city ureas, is urging that plans to and parents for CTC places is complete 20 new schools be great. So far, 15 or 16 institusurtailed, with funds used nstead to establish new instiutions set up in cooperation with local government and vol-

CTCs, intended to teach nigh-technology subjects to 11 o 18-year olds, have been a subject of controversy since hey were first proposed in 1986. They are intended to be sutside the control of local ducation authorities, operatng closely with a group of ndustrial sponsors and with eachers hired on non-union

Originally planned to be 'mostly" built with private unds, government has been mus, government has been providing 80 percent of capital costs for each new institution. Sir Cyril Taylor, chairman of the City Technology Colleges Frust, a private body which is partly funded by government, said he is urging the Depart-ment of Education and Science to "ammend the target." How-

in no way abandoning its commitment to the programme, and that demand from students great. So far, 15 or 16 institu-tions are either operating or planned, far short of the 20 CTCs targetted for operation this year.
Government contributions

per school have ranged from 25.6m to £7.6m, sums critics charge are too large to justify spending on a single institution when most capital spending for most schools is severely constrained. Furthermore, large corporate sponsors have been difficult to find, and planned CTCs in Brighton and Swindon have been abandoned.

Sir Cyril said he believed that cooperative ventures were far more sensible than building new sites from scratch. "If we knew then (at the start of the programme) what we know now, we might have started this way," he said.

And while the CTC Trust has attracted about £43m in pledges from private industry, lead sponsors have proved reluctant to make the initial contribution of £1m per school. THE HOUSE OF COMMONS

Thatcher faces jeers over role of former US adviser

the opposition Labour leader, in the Commons yesterday when he probed the extent to which she was again seeking the views of Sir Alan Walters, her former economic adviser.

There were jeers and derisive laughter from the Opposi-tion benches when she insisted that she had been seeing Sir Alan "as a friend of the fam-

Mr Kinnock recalled that it was the reliance which the Prime Minister had placed on

MRS MARGARET Thatcher, the Prime Minister, clashed angrily with Mr Neil Kinnock, as Chancellor of the Exche-

quer, last October.

The return of the spotlight onto Sir Alan clearly irritated Downing Street. Officials said his work in the US meant he called at Number 10 only occasionally and insisted the Prime Minister had the right to talk to whoever she liked.

Although they agreed he was only a family friend, the offi-cials confirmed that the two would often meet in Mrs Thatcher's study and with civil

In the Commons, Mr Kin-nock reminded the Prime Min-ister that Mr Lawson had stated that the successful conduct of economic policy was possible only if there was, and was seen to be, full agreement between the Prime Minister and the Chancellor.

The former Chancellor, he said, had maintained that this essential requirement could not be satisfied so long as Sir Alan remained Mrs Thatcher's personal economic adviser. Mr Kinnock suggested that, against this background, the Prime Minister should be

family friends. Mrs Thatcher protested: "You object to me seeing family friends - you are getting worse than the KGB".

During further exchanges the Prime Minister again stressed the determined opposi-tion voiced from both sides of the House to Britain ceding the "amount of economic sovereignity" required by stage three of the Delors plan for economic and monetary union within the European Commu-

Mr John Wilkinson, a Con-

servative MP, referred to a report that the chairman of the German Bundesbank had spo-ken of "two speed progress" to economic and monetary union. He asked if the Prime Minis-

ter envisaged the UK being in the first speed group along with Germany, France and the Benelux countries, and, if so, whether it meant that sterling would be included in the exchange rate mechanism of the European Monetary System "sooner rather than later".

Mrs Thatcher replied that
there had been no change in

the conditions laid down for

Apart from keeping an inde-pendent nuclear deterrent, she

said, it was absolutely vital

that Britain retained the anti-

submarine warfare capability,

and full air cover for home

Dealing with the economic implications of German unifi-cation for the other members

of the European Community Mrs Thatcher acknowledged

the need to be "wary" of highly

subsidised goods emanating from East Germany. Special arrangements would

the House. The Prime Minister emphasised: "If you cede sovereignity over all monetary and economic matters, you have ceded the fundamental core of the things that we are here to

sterling's inclusion in the exchange rate mechanism at the EC summit held in Madrid.

She reaffirmed her objec-tions to a "two-speed Europe, and hoped that the inter-gov-ernmental conference on eco-

nomic and monetary union, due

to be held in December, would

be influenced by the view of

Prime Minister rules out Gorbachev plan for Germany in Nato

By Ivor Owen, Parliamentary Correspondent

DUAL membership of the Nato and Warsaw pacts for a unified Germany, as suggested by President Gorbachev, was ruled out by Mrs Margaret Thatcher, the Prime Minister, in the House of Commons yesterday.

While accepting the need to

while accepting the need to provide reassurance for the people of Russia about the implications of a unified Germany within Nato she told Mr Neil Kinnock, the Labour leader, "I doubt very much whether one country could be a member of two different

The Prime Minister, reporting on her three day visit to the Soviet Union, said a "mixture of measures" would be needed to allay the fears of the Soviet Union which lost 27 million of its citizens in the bat-

lion of its citizens in the bat-ties to repel the Germans in the second world war.

Mrs Thatcher did not make any direct reference to the pos-sibility of a joint Nato/Warsaw pact declaration to accompany German unification. But she left MPs in no doubt

Soviet Union following the precedent set by France, which removed its forces from Nato command while remaining a signatory of the pact.
The Prime Minister was

pressed by Mr Kinnock and by Mr Paddy Ashdown, the leader of the Liberal Democrats, who complained that she had given the impression that the cold war might be coming to an end in her head but not in her heart, to spell out the pros-pects for cuts in Britain's nuclear and conventional

Mrs Thatcher was adamant that Britain must retain her nuclear deterrent, with a force of four Trident submarines, so that one would "always be on station" and two most of the

Discounting suggestions that negotiations between the US and the Soviet Union could lead to Britain being required to relinquish Trident, the Prime Minister emphasised that American leaders had always "staunchly" defended the long standing relationship between the two countries over

be needed, and a transitional period under the common agri-

cultural policy.
The Prime Minister insisted "We cannot have goods freely circulating from a Communist country as part of a Commu-

nity made under a completely different set of rules". Questioned about reports that Western countries would provide a 27bn aid package for the Soviet Union, Mrs Thatcher said there had been talk of West Germany providing finance to assist with Russian

BRITISH CITIZENS LIVING ABROAD

Even if you left Britain as long ago as 11th October 1970, you can still choose the inhabitants of this House.



Under the Representation of the People Act of 1989, important changes have been made in who can vote in UK Parliamentary and European Parliamentary Elections.

- The qualifying period for the right to vote for people living abroad has been extended from five to twenty years. That means if you left the UK as long ago as October 1970 you can still vote.
- People who left the UK before they were old enough to be included on the Electoral Register may register as overseas electors.

 You no longer need to declare an intention to return to the UK.

Your vote will be cast in the constituency in which you or your family were registered before leaving the UK.

In order to qualify you need to fill in an application form by 10th October 1990.

To get a form and explanatory leaflet contact your nearest British diplomatic or consular post.

*15TH SEPTEMBER IN NORTHERN IRELAND.

DON'T LOSE YOUR RIGHT TO VOTE IN THE

PLEASE INFORM ANYONE YOU KNOW LIVING ABROAD ABOUT THIS.

Mr Alberto Vitale, chairman and chief executive of Random sold 469,000 copies. "Political and economic fron-House, the US publishers, predicted yesterday. "Anyone seriously involved in trade (general) publishing is in a substantially solid, modestly expanding business with

US publisher sees

brighter future for

staying power second to none and with great opportunities for further growth both nationally and internationally," Mr Vitale said.

and without burdening it with the constraints of corporate Mr Frank Barlow, managing director of Pearson, publishers

takes place in most businesses from time to time." The re-structuring, Mr Bar-low predicted, would take two forms. Fewer titles would be published, there would be a reduction in advances paid to

Large media groups would also continue to seek to buy newspapers and other media interests outside their home

Mr Eric de Bellaigue, pub-lishing analyst at stockbrokers Panmuir Gordon, said that the market under-performance of publishing shares had been linked to the market's indisinked to the market's indis-criminate perception of such companies' dependence on vol-atile advertising revenues. Both high interest rates and low advertising revenue would reverse themselves probably in the next one or two years. When that happened, "I would anticipate an above-average

shares."
Mr Robin MacKichan, managing director of The European, said the new weekly

global industry

By Raymond Snoddy

AFTER a period of re-thinking, re-grouping and re-structuring, general publishing has never been in a better shape to face a new decade and a new century,

The challenge was to manage the business and do it without interfering with the independence and freedom of action of the editorial process,

of the Financial Times, warned that general publishing "if not in crisis, at least is in need of the kind of re-structuring that

authors and a general cut in

anticipate an above-average performance by publishing

newspaper represented a genu-ine "leap of faith" by Mr Rob-ert Maxwell, its publisher and editor-in-chief, and his staff. The third issue, he said, had

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tiers are crumbling and we believe that there is a new con-sensus - the emergence of a truly European outlook which transcends traditional nationalistic self-interest," Mr MacKichan said. Mr Hew Stevenson, chief

executive of the Westminster Press, the regional newspaper group owned by Pearson, said that the prospects for regional newspapers in the UK were probably better than they had been for a generation. In 1938, regional newspapers took 16 per cent of total adver-

took 16 per cent of total adver-tising. Last year, the share was 23 per cent of a vastly increased advertising cake totalling £6bn.



PUBLISHING INDUSTRY IN THE 90s

Mr Leo Bogart, senior fellow at the Gannett Centre for Media Studies in New York. said that however flercely newspapers competed, they ing together if they were to get on the schedules of an increasingly centralised advertising industry.

Mr James Warrillow, president for Canadian Publishing at Maclean Hunter, said that international co-operation held the most potential for interna-tional media ventures by investing abroad in already well-received and established publications, instead of trying to export or rather impose those successful in their own markets. The thought was best expressed in the phrase globally, act locally."

International bank staff to meet over job losses

By Richard Donkin

EMPLOYEES of the Bank of Credit and Commerce International have organised a meet-ing in London tomorrow to discuss industrial action against redundancies at the bank.

redundancies at the bank.

The BCCI staff association has booked a room in Throgmorton Street in the City to vote on whether staff should be balloted by post on proposals for industrial action.

The bank has announced 500 redundancies among about 1,460 employees designated as UK staff. Another 500 jobs are expected to go among about 1,000 UK-based staff in the international division.

international division. The redundancies are part of a restructuring programme which involves shrinking the number of UK branches from 43 to 26 and moving the bank headquarters from London to Abu Dhabi.

Mr Vivian Ambrose, a member of the staff committee established to organise the protest, said at least 400 of nearly 2,500 BCCI employees in the UK were expected to attend.

He said: "Feeling is running high at the moment. People feel they have been let down very badly."

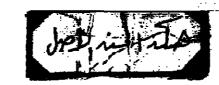
The voluntary redundancy

package has been described as derisory by BiFU, the banking union. The package would, for example, give a 40-year-old employee with 10 years service £1,840 plus a three months' salary ex-gratic payment. The union says this is only marginally better than the compulsory terms that the bank intends to apply to those selected for redundancy who have not accepted the voluntary terms.

According to the staff association, 724 employees have indicated they would be prepared to accept voluntary terms.

Redundancies had been

expected since BCCI announced a \$498 loss in its 1989 results. The UK cutbacks are the first phase in an inter-national rationalisation programme that could see 4,000 job losses among BCCFs 14,000



BRIEF

Minister

calls for

defence cuts

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European Court of Justice verdict may complicate indirect tax negotiations

EC finds Irish border curbs illegal

By Tim Dickson in Brussels

THE Irish Government's controversial curbs on travellers allowances - limiting duty free benefits to those who have stayed in another country for more than 48 hours - were yes-

terday judged to be illegal by the European Court of Instice. In a ruling which may com-plicate already delicate EC negotations over indirect tax negotations over indirect tax harmonisation, the Luxembourg based Court said it did not accept Dublin's claim that these should only apply to "genuine" travellers.

EC case law, said the judges, showed that member states are only left with the restricted nowers given to them in the

powers given to them in the relevant EC directives and that no derogation was made relating to the duration of journeys".

The so-called 48 hour rule was introduced by the Irish

Government compromise which would modestly increase the quantity and value of duty free goods, and which has been

Republic in April 1987 in response to the revenue loss arising from cross border shopping excursions to Northern Ireland. These were to take advantage of lower value

added tax and excise duty.
The Dublin Government is clearly hoping, notwithstanding the unambiguous verdict of the Court, that it may be able to negotiate a special deal over travellers allowances like the one currently accorded to Deone currently accorded to Den-mark. The Danes have a dero-gation under RC law limiting the amount of goods which can be brought back into the country by those who have been away less than 48 hours. This runs out at the end of

the year but under a Dutch Government compromise

Ballyan

sider an frish derogation in a positive frame of mind, as part of an overall solution, but with a cautious approach". Much, however, will depend on Britain since agreement in the Council of Ministers on all tax matters has to be by una-

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Justice which declared Irish government restrictions on its citizens shopping north of the border in Northern Ireland illegal, adds Kleran Cooke.

Mr Albert Reynolds, Ireland's Minister for Finance, said that while the Government accepted the EC count's judgement, the rule would be maintained "pending consideration of the judgement and its full implications, and pending the outcome of consultations with the EC Commission."



Alan Clark Mr Alan Clark, junior defence minister, suggested that Britain should try developing less sophisticated and specialised weapons.

His speech to the Royal
Aeronautical Society last night
seemed designed to set the cat
among the pigeons at the
Ministry of Defence, which
is in the threes of a is in the throes of a re-assessment of the UK's defence needs. "I believe that many aspects

of weapons procurement are changing, and if we ignore this we will pay for it," he said.

Mr Clark's suggestions followed the leaking of part of a report he circulated last year urging radical cuts in British forces.

BRITAIN IN | Canadian view of central bank

Central banks should be separated from government while retaining public accountability, a leading central banker said in London.

The comments from Mr John Crow, Governor of the Bank of Canada, provide support for the Bank of England's wish for greater autonomy. They also represent a contribution to the debate over low the process of European Monetary Union should proceed and what role a European central bank would play.

Car sales drop by 21 per cent

New commercial vehicle sales fell by 21.6 per cent in May, the biggest monthly drop in the present recession. Sales have fallen since October, and in the first five months of this year, new commercial vehicle registrations at 141,526 were 15.2 per cent lower than a year

ago. The steepest decline has been in the truck market, where sales in the first five months were 27.4 per cent lower than a year ago, according to figures from the Society of Motor In the UK medium van

market, Nissan of Japan and Renault of France have lost most ground with Nissan's plunging by more than a third.

Defence report on Rapier The handling of a \$1.6bm

project for a new generation of Rapier anti-aircraft missiles was criticised in a report by the Commons Defence

The committee warned that there were still risks in the

project after seven years of development and said it was vital to prevent further delays.

The Rapier Field Standard C, being developed by British Acrospace for the Royal Air Force and the Army, is now expected to enter service in the mid-1990s.
The report blamed BAe, as prime contractor, for part of

a 65 per cent increase in the estimated development cost.

The company had "seriously erred" to the tune of 277m in its original estimates, it said.

Union merger talks likely

Talks on a merger between

the National Union of Mineworkers and the Transport and General Workers' Union are expected to resume later in the summer. They would lead to the entry of the NUM's 60,000 members into Britain's biggest trade

Mr Ron Todd, general
secretary of the TGWU, said
that talks, opened last year,
had been put on ice pending
the NUM's inquiry into
allegations by the Daily Mirror
of figure in integral secretary layers. of financial irregularities by Mr Arthur Scargill, the NUM's president, during the 1984-5 miners' strike.

New chief for ACOST

Sir Robin Nicholson, 55, technical director of Pilkington and a former chief rikington and a former caner
scientific advisor to the
government, has been
appointed chairman of the
Advisory Council on Science
and Technology.

ACOST — on which the
Prime Minister sits — advises

government across the whole spectrum of national research and technology. Sir Robin is a metallurgist and fellow of the Royal Society. He replaces Lord Tombs, chairman of Rolls-Royce.

Welsh move for company

Difficulties in both finding land for expansion and recruiting labour in the south-east of England have led Alberto Culver to relocate its business to Swanses.

The Chicago-based company, which claims to be one of the largest producers of hair-care products in the world, is to transfer its £37m-a-yea production to a new 140,000 sq ft factory on the Swanses

Oil business sale to bank

enterprise park from its

present base in Basingstoke.

James Capel, the stockbroking house, aunounced the sale of the corporate advisory business of its Petroleum

business of its Petroleum
Services Department to
Kleinwort Benson for an
undisclosed sum, believed to
be in the hundreds of
thousands of pounds.
The James Capel toam has
been a leading player involved
in a large volume of North
Sea asset deals in recent years,
accounting for about 70 per
cent in terms of value of the
asset trades last year.

No cash for tunnel link

A clear indication that the Government would maintain its opposition to subsidising the construction of a high speed rail link to the channel timnel was given by Mrs Margaret Thatcher, the Prime Minister, to the House of

She said a "colossal sum" of taxpayers' money would be required, and emphasised that subsidies were not provided for international air or ferry services. "We do not believe we should subsidise international rall services," she said.

PowerGen seeks coal pits to secure supply

Scots football rivals clash

over hostile takeover plan

By Lisa Wood, Labour Staff

POWERGEN, one of the two power-generating companies in the UK to be floated next year, announced yesterday it wanted to buy coal pits near its largest power stations should British Coal be privatised.

The announcement by Mr Edward Wallis, chief executive of PowerGen, came as the com-pany applied to the Govern-ment for planning consent to fit sulphur-removing plant at two of its largest coal-fired power stations, Ratelliffe-on-Soar, near Nottingham, and Ferrybridge, West Yorkshire. National Power, its main competitor, has already said it would be interested in buying some coal mines in a privatised

coal industry.
Installation of this 4,000 MW
Flue Gas De-sulphurisation
plant, if it proceeds, will enable

Dunsdale chief

investment firm

CRIMINAL charges were brought yesterday against Mr Robert Miller, chief of the col-

lapsed Park Lane investment firm Dunsdale Securities.

of obtaining money by decap-tion. The changes, under sec-tion 15 of the 1968 Theft Act.

carry a maximum penalty of 10

20 May 1987, he dishonestly obtained a £20,000 cheque from

a Dunsdale client, Ms Carole Henderson, by falsely repre-senting that the proceeds

would be invested in govern-

A second similar charge relates to a cheque for £30,000, which was allegedly dishon-estly obtained on or about 20

July 1988 from another client, Mr Neil Richard Kelsey.

The charges were brought by

officers of the Metropolitan Police, acting on behalf of the Serious Frand Office.

faces criminal

charges over

By Richard Waters

years imprisonment.

PowerGen to meet European Commission targets for reduc-ing sulphur emissions by 1998 using British Coal's coal and some Imported low sulphur

National Power is fitting 4,000 MW of FGD to its Drax plant in South Yorkshire. The coal industry, fearing that EC directives on sulphur emissisons will result in greater imports of low sulphur coal, has been urging the installation of 12,000 MW of FGD.

Mr Wallis announced his intention to have "economic"

intention to buy "economic" pits near to his major coal-fired stations in a speech to the annual conference of the Union of Democratic Mineworkers where he told delegates "Together we survive, divided we fall." Together we survive, divided would inevitably go up.

He said: "We have concluded that the best strategy is for us

A SCOTTISH businessman has

joined the defensive wall attempting to block a hostile takeover of the Edinburgh football club Hibernian by its local rival Heart of Midloth-

Mr Tom Farmer, a lifelong

the £6.1m bid from Hearts, which plans to merge the

Mr Farmer said he had no

intention of mounting a

counter bid, he just wanted

But his tackle has added

weight because the Hearts board has declared that it wants the hid to be accepted by the holders of at least 75

per cent of the equity, so that it can carry through all its

the club to stay in

on the Third Mark His action follows emotional

By Jane Fuller

Mr Miller faces two charges supporter of Hibs and chairfor the charges, under secion 15 of the 1968 Theft Act,
arry a maximum penalty of 10
cars imprisonment.

It is alleged that, on or about
the defending company, which is control or the Third Market

tions and uses 19,00 megawaits of fuel of which 5,000 is oil and the rest coal. Fuel costs make up 60 per cent of generating

Mr Walks said the UDM might suspect that after Brit-ish Coal's three-year contract with power generators expired they, the generating industry, would turn their back on British-produced coal, which falls within the middle band of sulphur content. "Let me assure you, this is not true," he said. Mr Wallis said imported low-sulphur coal and natural gas were alternative supplies of fuel but they brought their own problems. Low sulphur coal would increase in price as demand rose and gas prices arould institubly so up

plans.

The Hibs camp yesterday totted up the probable blocking votes and suggested they already amounted to more than 25 per cent. Mr Farmer's stake joins the 18 per cent owned by Mr David Duff, the chairman, and at least 10 per cent reckoned to lie in the stipulation was more than 75

stipulation was more than 75 per cent "or such a lesser per-centage as Hearts may decide."

Edinburgh Hibernian, which also owns pubs and restau-

Those puls and re

property investment compatibat later increased its st

the offer. Leading the Hearts attack is its chairman Mr Wal

was 20.5p.

to work towards a balance and mix of fuel supplies."

Coal, he said, had to be keenly priced. British Coal, he said, should face up to the fact that it might have a capacity of 100m tonnes a year but it did not have a 100m tonnes a year

He urged the UDM to wel-come privatisation. "We would be interested in harnessing some of your pits to add to our power stations," he said.

Mr Wallis said later that what PowerGen bought would depend on exactly how privati-sation proceeded. The Conser-vative manifesto for the next general election will contain a commitment to privatise the industry should a Conservative government be re-elected.



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The group will concentrate its main resources on those brand names which are capa-ble of development internationally, and on marketing as its

prime activity ..."
With this mission statement, Guinness embarked four years ago on the creation of a cohesive, marketing-led international spirits business from the disparate elements it had acquired in the bitterly-fought takeovers of Distillers Company and Arthur Bell, and to which it later added Schenley

Industries of the US. The result has been a revolutionary change in business culture and organisation which has not only transformed Guinness from a medium-sized brewing company into an international liquor group but has brought benefits to the Scotch whisky industry in gen-

In the mid-1980s, the Scotch whisky industry was at a low ebb. Economic recession and increasing competition from white spirits had led to a substantial decline in demand. The decline was especially marked in the US, the world's largest market.
Distillers, and the industry

as a whole, responded to the situation by selling excess stocks at low prices to stimu-late demand. The move failed. The effect, instead, was to reduce profits and, as cut-price. unbranded Scotch flooded the market, to undermine the standing of the regular brands and the consumer image of

Scotch whisky. Guinness brought to this inheritance a markedly different management style and phi-

Distillers, with around 35 per cent of the Scotch whisky market worldwide, had been driven by volume sales and production rather than marketing. Its long list of brands had suffered from insufficient marketing and the downward price spiral. Bell's, too, had a sales-driven culture, and though it held a strong position in the UK was not established as an interna-

Tony Greener, UD's manage ing director, who was brought in from Dunhill in 1987 by Guinness's chairman, Anthony Tennant, says: "We decided that the brands, and their relagot to be the focus of the busi-

Distillers was structured in

Re-shaping United Distillers

A formula designed to raise the spirits

Philip Rawstorne on Guinness's international liquor interests

such a way that it was very difficult for it to be responsive to the needs and opportunities of the market place. It had grown historically

into a loose federation of 12 brand-owning fieldoms, which included Johnnie Walker, Dewar, and Haig. Each had distilled its own whiskies, and sold them around the world, mainly through its own network of third-party distribu-tors. Little attempt had been made to co-ordinate the individual operations. "As a result," says Green

"there had been a great deal of inter-brand competition and cannibalisation. No portfolios brands had been put together, and their strengths were not being fully utilised in other Scotch whiskles or against other drinks such as vodka, gin and wine."

Many of the brands were los-

ing market share, often com-peting against each other, and competing on price rather than

Guinness started from the assumption that the brands were its greatest assets and that they had to be positioned, in terms of price and imagery, to cover every conceivable market opportunity and con-

The first requirement was an organisation that was struc-tured so that it could respond quickly to market demands

and manipulate its brands to take advantage of them.

Greener abolished the old Distillers' brand companies and introduced a simple, regional structure that placed operational management in the market places. market places - Europe, North America, Asia/Pacific, and International, which covers South and Central America, the Middle East and Africa.

Distillers' UK operations were combined with those of Bell's in a separate subsidiary. The regional management teams, including many newlyrecruited marketing experts, were given responsibility for all the brands in their markets. But to ensure consistency, a central strategic unit was produce individual brand mar-keting plans and portfolio strategies, and to handle new product development in lisison with regional managers. The unit also took responsibility for external relations with government, industry and the pub-

As Distillers' old power-bases were closed, headquarters staff was slimmed down and consolidated in Hammersmith London, and in Edinburgh and Glasgow, thus saving some

This reorganisation was accompanied by a drive for greater efficiency in production, bottling, purchasing and shipping; this has saved \$50m a year. The centralisation in Glasgow of all export adminispatch of more than 500m bot-tles of whisky to around 7,000 ers in 200 countrie generating more cost reduc-

s the new structure A focused attention on its markets, so the gradual process began of infusing the company with Guinness's mar-What it comes down to is a

determination to see that everything we do reflects the imagery of the brands. It is a total quality approach to busiss," says Greener. "That means far more than

simply the quality of the whisky or the gin. It extends to the quality of the packaging — the labels on the bottles, the cases in which they are delivered to the customer. It is about corries — anguarter the about service - answering the telephone in the right manner, delivering on time."

Greener declares: "It is no good saying we are the leading company in the industry, sell-ing high class brands, if every

aspect of the business does not reflect that." He would not claim that everything has yet been done to establish the new culture -"But we have certainly taken a major step along the road towards it." People like to work for a

response at UD has been fur-ther stimulated by the intro-duction of a profit-sharing. scheme, he adds. "It is one of the best things we have done. The payment, in shares, has really helped to bring home to people the merits of thinking more broadly about the interests of the company and generated a positive reaction to what we are trying to do in building brands."

performance, he says. That

With the establishment of the regional structure, Greener also turned to the reorganisation of UD's distribution network. "If our brands are our greatest asset, then clearly it is very important that we control the marketing of those brands ourselves," he says.

to the task of revitalising the marketing, status and positioning of Scotch, including its pricing and level of marketing Under the old Distillers'

regime, three quarters of the distribution had been handled by third parties — and, with: each operating company building its own network of distributors, there were a lot of them. Worldwide, the number totalled 1,304 in 1986. There were 244 in Europe, including 36 in Switzerland and 28 in France; 221 in Asia/Pacific; 31 in North America, and 506 around the rest of the world. Distillers owned only three distributors, one in North America, and two in Europe. Today, the number of agents has been reduced to around

470, and UD controls more than 80 per cent of its distribution. In Europe, there are now fewer than 50 distributors and most of the business is done through 12 new joint venture compa-. The rationalisation of the list of third-party agents had to be done with care, to achieve economies of scale and secure

greater local market muscle with the minimum of disruption, to avoid losing the co-operation of the best of the agents, and to prevent the loss



are in Europe. But changes in the network have been achieved quickly and, in gen-eral, efficiently. After only 18 months, the analysts team at stockbroker, James Capel, reported: "In terms of spread, UD is new as well positioned as any of its major competi-tors."

Market power and penetra-tion have been achieved espe-cially through the creation of some 25 joint ventures throughout the world – the most notable being that with Most Hennessy which brought together a portfolio of whisky, gin, cognac and champagne, and now covers Japan, Hong Kong, Singapore, Malaysia, Thailand, France and the US. "Joint ventures are a common-sense way of going for-

ward," says Greener. "From a commercial point of view, they re very good value. With care fully-chosen pariners, you can achieve all the synergistic benefits that you get from a take-over without the high costs." He warns: "Unless you are basically on the same philosophical track, you should not go into a joint venture. With Moet Hennessy, we share a thing we are doing.

"Inevitably, the approach
has to be different from that of
a wholly-owned subsidiary. Personal relationships are important. You have to work by persuasion and understand-ing – and that is not necessar-ily a bad thing. The process often leads to new and better ways of doing things." Greener has used joint ven-

tures to rationalise and strengthen distribution in several target markets, particu-larly in Europe. UD has allied itself with Bacardi and Underberg in Germany, with Bacardi and Codornin, a leading sparkling wine company, in Spain; with Boutari, one of the largest wine producers, in Greece; and with Real Companhia Velha, the largest port producer, in Portugal. In South Rast Asia, it has

found other partners in Jar-dine Matheson, Inchcape, and last year, in company with Korea's second largest spirits distributor, JINRO, started the process of opening up that country's high-potential mar-

But UD has also reinforced its new network by acquiring distributors, such as Schenley of competitive advantage.

The process in the early brands and brand developstages raised legal problems in belief in the importance of in the US, and Wax in Italy;
and by building its own organisations in Japan and Australia,

for example.

As greater control of distribution began to establish a more stable base for its brand portfolios, UD also began to reinforce that base by tackling the problem of resultal account.

the problem of parallel exports.

Parallel traders had thrived
on the availability of low price. bulk supplies of branded whisky in the UK to undercut traditional exports. That had diminished the status, image and profitability of regular

UD set out to restore the balance between supply and demand by carefully control-ling the disposal of excess stocks. It took an aggressive stance on the pricing of secondary brands, driving them

The company, according to Alan Gray, analyst at Glasgow stockbrokers, Campbell Neill, now holds virtually all the industry's excess stocks, and its policy has eliminated the problems of depressed prices. Says Gray: "This is welcome

news for an industry which has suffered for many years from the ready availability of excess stocks which not only attracted peripheral operators into the market, selling lowly priced brands, but also encour-aged the growth of own label business. Now those trends are being reversed."

Last year, UD's distilleries returned to full working for the first time for a decade. Greener says: "There is no way you can guarantee that the industry will never again have excess stocks. But if we do, I am confident that it will never react to that situation by cutting prices and dumping. Greener justifies UD's pric-

ing policy as being in the long-term interests of the industry. "A great deal of care and craftsmanship goes into the production of Scotch," he says. "There is a long period of maturation — from five to 12 years and longer — which is not the case, say, in the production of vodka. You will not get the consumer to believe Scotch is a better drink if you are selling it at the same

With a more orderly market established, firm control secured over distribution, and an organisation clearly focused on its consumers, UD could get on with that longer-term task of restoring the diminished status of Scotch whisky by rationalising its list of brands, repositioning them in the market-place, and revitalising their image.
An article on UD's marketing

strategy will be published

Corporate priorities

By Simon Holberton

THOSE WHO think that shareholder value is the be all and end all of corporate existence will be disappointed is find that the idea is taking a while to penetrate senior managers in British industry.

In answer to the question "Do you explicitly take account of shareholder value gain in your strategie planning or not?" more than 40 per cent of respondents to a recent survey said "no".

The survey, conducted by management consultants KPMG Peat Marwick McLin. tock, presents results from interviews with 158 companies with a turnover of more than £25m a year. The companies were drawn from a wide cross-section of industry including engineering, financial services, and chemicals.

Selection 6

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The survey indicated that few companies (16 per cent) felt constrained in making their long term strategic decisions by the short term perior mance of their share price.

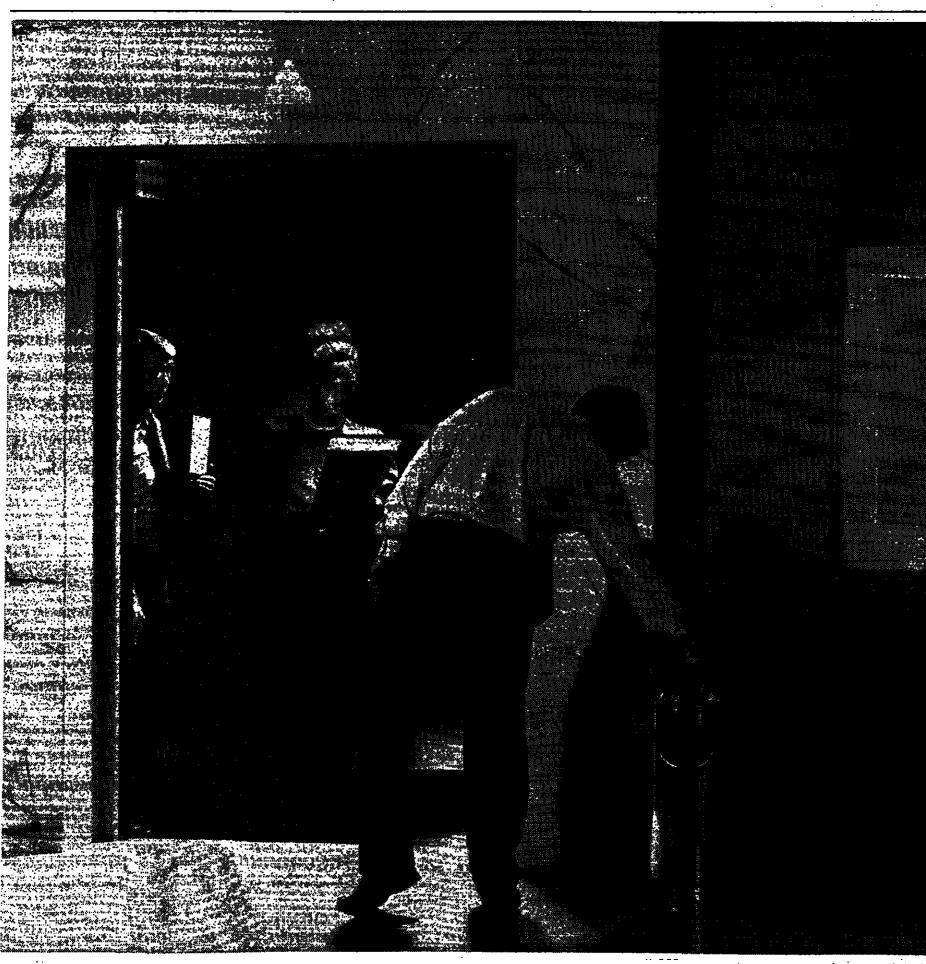
mance of their share price, we however, most of the respondents said they planned for best profits/earnings per share returns in making those decisions. A significant minor-ity emphasised building their firms' long term strength and growth potential. Dick Porter, a strategist at-

KPMG, says that companies need to value their strategies. from the shareholders point of view, otherwise they will find themselves subject to hostile takeovers. "It is essential for value creation to be a prime strategy objective alo more traditional objectives: such as growth and market

The survey asked companies what they considered to be the greatest threat to their busi-nesses . A lack of investment in marketing topped the list (39 per cent of respondents) followed by technology (25 per cent) and impovation (11 per

drink and construction indus-tries were particularly concerned about marketing investment, while those in financial services seemed to be more concerned about technol

ogy.
"Report on Strategic Issues,"
Prepared for KPMG Peat Marwick McLintock by: Rossiyn
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As business reaps the benefits that have followed the end of "the Gulf war. federalism remains

weak. Indeed, if a country with such a large per capita income has any problems, most relate to a mismatch between economic and political progress, writes Victor Mallet.

Rivals in excellence

THE UNITED Arab Emirates is straining to cope with its own economic success. Last year's economic success. Last year's higher oil prices, together with increased oil production by Abu Dhabi and a sharp rise in the volume of trade conducted by Dubai's merchants, have forced up rents and filled hotels and aircraft to capacity. With the Gulf war all but forenthen following the 1988. forgotten following the 1988 cassefire and the more recent attempts by Iraq and Iran to consolidate the peace, the UAE's gross domestic product is estimated to have grown by 8 or 9 per cent in nominal terms in 1969.

Traders, bankers and contractors are all reaping the benefits. Numerous construction projects are under way in Abu Dhabi and Dubei, the two leading emirates, to provide more office space, accommoda-tion and shops; and both governments are spending more money on infrastructure to ensure adequate supplies of

power and water. The strength of the economic revival may disarm those who have criticised the grandiose projects of the past. Dubai's

The competitive, rather than complementary, nature of investment in the UAE is not always financially prudent (there are five international airports in a country of 2m people, with a sixth opening soon in al-Ain), but it is also true that the rivalry between the seven emirates encourages

Dubal, the entrepôt of the Gulf and a regional business centre, has one of the few airports in the world where you can walk off a jumbo jet and straight through immigration to find your suitcase already waiting for you. Port Rashid is justly famous for its rapid container service, and it comes as no surprise that Abu Dhabi wants to improve the performance of its own Port Zayed by cutting red tape, or that it plans to emulate Dubai by hav-ing its own green golf courses

In good times such as these, the poorer northern emirates (whose lack of oil or influence prompts one resident of Dubai to compare them to "the chil-dren of a second wife") tend to enormous and underused port at Jebel All, for example, has profited from the overflow of traffic from Port Rashid in the citizens, dismayed by the per-



stent strength of tribal loyalties, believe that this kind of generosity should be no more than a temporary substitute for a decisive federal spending

The federal government remains weak, and several ministerial posts are vacant or only nominally occupied, both Dubat's Sheikh Rashid hin Said Dubai's Sheikh Rashid hin Said al-Maktoum, the UAE Prime Minister, and Abu Dhahi's Sheikh Mubarak bin Mohammed al-Nahyan, the Interior Minister, are incapacitated by ill health; while the term of the central bank governor has expired without a decision shout his future. The sion about his future. The almost unchanging federal

budget is no more than an end-of-year accounting exercise. Federal current spending pays the wages of civil ser-vants and maintains the welfare state, but disagreements about the budget costs to be borne by each emirate have eroded development expendi-ture over the years. Broadly

speaking, Dubai takes from the federal kitty as much as it puts in, and Abu Dhabi subsidises

the other emirates.

The inhabitants of Abu
Dhabi – which is the most populous emirate, the site of the federal capital and the loca-tion of most of the country's off — can afford to be relaxed and publicly federalist in their stitude towards the future. The sheikhs and merchant families of Dubat, on the other hand, are noticeably combative about researches a degree of about preserving a degree of independence from their

wealthy neighbour:
As its own oil reserves
diminish, Dubai needs to secure new gas supplies to power a diversified economy based on services and industry. To anyone not versed in local politics, Abu Dhahi would be the obvious supplier, but Dubai

refers to look abroad.
Federalists have not despaired. The UAE's achievement in qualifying for the World Cup soccer tournament

in Italy was welcomed throughout the emirates.

has already made his presence felt. Concerned about the possi-

in Raily was welcomed throughout the emirates.

Furthermore, Sheikh Maktoum bin Rashid al-Maktoum,
the popular Crown Prince of
Dubai and UAE deputy prime
minister, has recently asserted
himself in the federal cabinet
and in the affairs of Dubai,
after a long spell of political
inactivity. The change was
prompted by the death of
Sheikh Hamdan bin
Mohammed al-Nahyan, Sheikh
Maktoum's fellow deputy prime
minister, who had taken change
of UAE cabinet meetings.

Sheikh Maktoum is now regularly in Abu Dhabi and

ularly in Abu Dhabi and appears to relish his new-found responsibilities. It is thought that federal project spending in the northern emirates will increase, and there has been speculation — not, it must be said, for the first time — that Sheikh Zayed bin Sultan al-Nahyan, the Ruler of Abu Dhabi and UAE President, will amounce a cabinet reshuffle. In Duhai, Sheikh Maktoum

ruler of the neighbouring emir-ate of Sharjah, has finally tied up the loose ends of the failed 1987 coup attempt by his brother Sheikh Abdul-Aziz.

As part of a face-saving com-As part of a face-saving compromise agreement to resolve the crisis at the time, Shelkh Sultan, backed by Dubal, was reinstated, while Shelkh Abdul-Aziz, apparently supported by Abu Dhabi, was made Crown Prince but went on to live in the Abu Dhabi oasis town of al-Ain. Shelkh

Sultan recently declared that Sheikh Abdul-Aziz was no lon-

ger his successor.
The announcement was regarded as inevitable, and regarded as inevitable, and does not appear to have angered Sheikh Zayed. The UAE President has had other matters to deal with, including his visit this year to China, Indonesia and Japan, the latter being a particularly important trading partner.

Back at home, UAE citizens in Abu Dhahi and Duhai say

in Abu Dhabi and Dubai say they notice that this already traditional society is becoming more religious, although the country has lost none of the tolerance and moderation which makes it so attractive to

foreigners working in the Gulf.
If the UAE, with one of the highest per capita incomes in the world, can be said to have problems, they relate to the country's continued depen-dence on imported labour from the Indian subcontinent and the Far East and the mismatch

It will not be possible to give the rapidly growing number of UAE nationals guaranteed jobs in the civil service for ever, but few citizens are qualified and willing to work the hours and earn the salaries offered by the private sector. Only about 2 per cent of private-sector employees are UAE citizens, and companies would resent

attempts to force them by law to employ more nationals. Throughout the Gulf there is a striking contrast between the advanced state of economic advanced state of economic development and the ossifica-tion of traditional political systems. Even constructive criticism of the authorities is frowned upon if it is publicly expressed, and there are fears that the sheikhs are not as accessible to the general public as they used to be.

In this regard, however, the UAE's relatively liberal leaders have less to worry about than their colleagues elsewhere in the Gulf. As for the hectic pace of infrastructural development, even the British traveller Mr Wilfred Thesiger — who once described modern Abu Dhabi as "an Arabian nightmare" appears to have reconciled himself to the inevitable exploitation of oil, and recently visited the UAE to launch an exhibition of his photographs.

In this survey

Increased business confidence brings a spate of

construction projects

THE UAE's status as a commercial hub for the Gulf has allowed it to reap the full rewards confidence in the region, following the end of the Iran-Iraq was in 1988. in addition to the

improved performance of re-exports, the country's own industrial exports have risen, and imports have surged to supply a spate of construction projects and an affluent

Page 2

<u>ALSO</u>

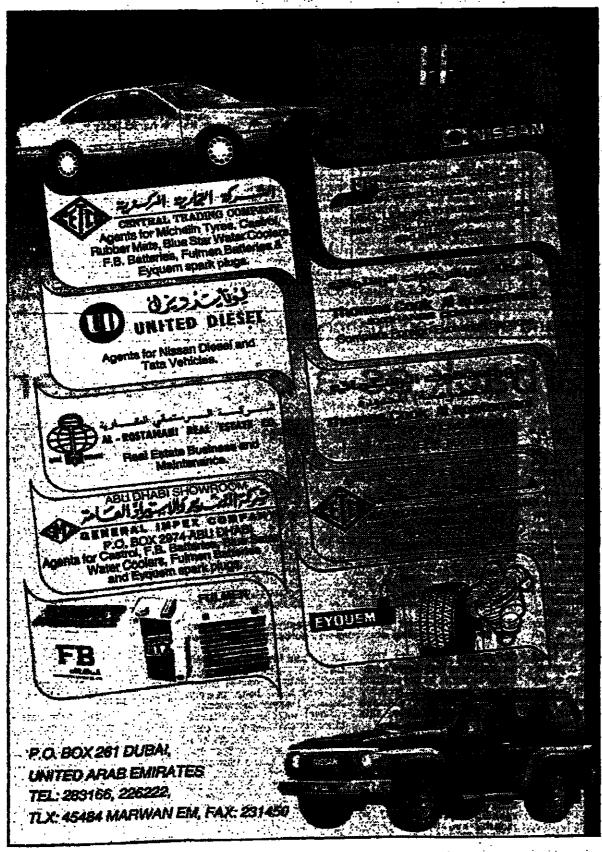
■ Banking Page.... Page..... **■ Jebel All** Page.....

E Crescent is a star Page..... **E** Tourism

Page..... **■** Dubai's airline Page..... **II** Fujairah Page.....

☐ Illustration: the gold souk, central Dubai. The pictures in this survey are by Tony Andrews

PARTNERS IN PROGRESS OF UAE.



ROSTAMANIGROUP OF COMPANIES

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THE PROSPERITY of the United Arab Emirates today was bought with oil, but it is the much older business of non-oil trade that gives the country in general, and Dubai in particular, its air of economic dynamis:

Foreign trade is booming, to the benefit of the traders themselves and the banks which supply them with financial services. The UAE's status as a commercial hub for the Gulf has allowed it to reap the full rewards of increased business confidence in the region, following the end of the Iran-Iraq war in 1988.

In addition to the improved performance of re-exports, the UAE's own industrial exports have risen, and imports have surged to supply a spate of construction projects and an affluent consumer market.

Over the past five years, Abu Dhabi - more noted for its oil wealth than its commercial traditions – has set about improving the service at Port Zayed, and seized a larger slice of the re-export cake. It is organising an international trade fair in January next year, in an attempt to prove its com-mercial credentials.

Dubai, however, remains the pre-eminent trading emirate, accounting for about 70 per cent of the UAE's imports and re-exports and half of its non-

oil exports. Last year, Dubai's re-exports rose 28 per cent by value to Dh6.5bn (£1bn), and in the first two months of this year they increased a further 36 per cent over the same period in 1989. Imports and exports are also rising, although at a slightly less dramatic pace.

Dubai has been so successful that some seahorne traffic has been diverted from Port Rashid - the UAE's busiest port - to the under-used facilities near the free zone at Jebel Ali, also

Rents in Dubai have risen sharply, because of a shortage of property (although new buildings under construction should alleviate the problem). and there are fears that power and water supplies will be stretched to the limit if the

economic boom continues. The performance of re-ex-ports is largely attributable to a more than doubling of trade with Iran, to Dh1.57bn last year, following a relaxation of import restrictions by the Ira-Dubai's population is of Ira-nian origin - including many

QATAR

SAUDI ARABIA

YOUR

IN THE UAE

BUSINESSC

 Competitive financial packages to International companies trading or undertaking gove and public sector projects in the UAE.

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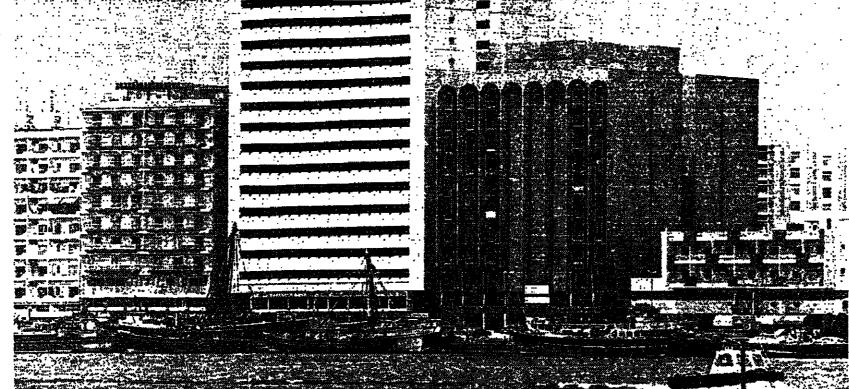
· Facilities to maintain accounts in any freely

Market information and advice on new business

and other Treasury services.

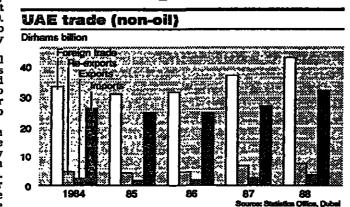
traded currency.

opportunities.



Non-oil trade with Iran is strengthening the boom in Dubai

Re-exports increase by 36%



of the leading business families and there are large numbers of Iranian citizens resident in the city. The UAE has therefore become an important com-mercial and diplomatic bridge between Iran and the Guif's conservative Arab states. There are two ways of inter-

THE GULF

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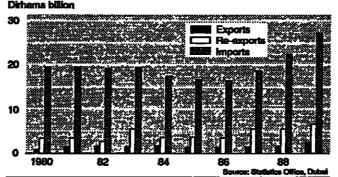
Abu Dhabi Commercial Bank

from the picturesque Creek bisecting Dubai and from the small port of Hamriya.

Dubai officials and merchants argue that Iran repeat-edly tries to by-pass Dubai and

preting the sharp fluctuations in trade with Iran, which is conducted largely by dhow

Dubai trade (non-oil)



buy and sell direct, to cut its costs, but repeatedly fails to match the acumen of the Dubai merchants, and is therefore forced to come back to the emirate. It is true that the traders in Dubai are adept at man-aging the risks of foreign exchange movements and high

stocks, and are well-versed in the art of swapping Japanese machinery or American rice for Iranian carpets, pistachio

nuts and caviar.

The other side of the coin, however, is that Iran has repeatedly become frustrated with the high margins taken in

Total GDP (US\$)	1988 .835 .1% n.a. .326 .805	1969 26,014 +2.0% 1.5% n.a. 3,115
Total GDP (US\$)	835 1% n.a. 326 805	26,014 +2.0% 1.5% n.a. 3,115
Real GDP growth	1% n.a. 326 805 841	+2.0% 1.5% n.a. 3,115
Compounded annual GDP Compounded annual GDP Compounded annual GDP Compounded annual GDP Compounded (\$\)	n.a. 326 805 841	1.5% n.a. 3,115
growth 78-89	326 805 841	n.a. 3,115
SDP per capita (\$)	326 805 841	n.a. 3,115
2 2 2 2 2 2 2 2 2 2	805 841	3,115
Exports Incl. non-factor svcs (\$m)	841	-,
(\$m)		12,448
mports incl. non-factor svcs (\$m)		12,448
(\$m)		
Frade balance (\$m) 3,		
rade balance (\$m)	028	8,433
	813	4,015
	4%	80.3%
	0%	15.4%
	0%	7.0%
	1%	1.9%
	3.5	4,456.6
Crude oil production (000 b/d) 1,6 Crude oil production	506	1,746
	6%	8.2%
st oil reserves (bn barrels)	97	N.A.
stimated Gas reserves	- ,	

Sources: IMF,CIA,Economist Intelligence Unit

Dubai, and only returns to the Creek after forcing the traders to reduce their profits and charge more competitive prices. Dubai traders now com-plain that the Iranians, short of foreign exchange, tend to import bulky, low-margin essential items such as sugar and grain, rather than high-value consumer products. Nevertheless, thousands of Iranian shoppers fly to Dubai each month to buy televisions and

other electrical goods. Dubai's ingenuity is not restricted to the sea trade with southern Iran and the rest of the Gulf. The emirate is now seeking to expand its sea-air cargo business (largely for goods arriving from Asia for rapid onward air shipment to Europe), and its successful airport is already so saturated that the emirate of Fujairah is hoping to win some of the sea-air cargo for itself and its own almost deserted international airport. Abu Dhabl airport has already benefited from some of

Dubai's overflow.

The almost invisible goldbullion trade is immensely lucrative for Dubai. Gold imports amount to about 160 tonnes a year - a tenth of world production - but the exports, mainly smuggled to India and Pakistan, are not

It is hardly surprising that the UAE's commercial success and Dubai's freewheeling mar-ket philosophy breed resent-ment elsewhere. Saudi Arabia has at times obstructed imports

Dubal has been so successful that some seaborne traffic has been diverted from Port Rashid to facilities near the free zone at Jebel Ali

coming in via the IJAR narriv on the grounds that the emirates - competing with each other for business - charge effective import tariffs of only about 1 per cent, below the 4 per cent intnimum stipulated by the

Gulf Co-operation Council
The US, meanwhile, has clamped down on garment imports from the UAE and they are now limited by quota.

After 1986, more than 50 factories, mostly Indian-owned and sited in the free zones of Duhai and Sharjah, sprang up in the emirates to take advantage of the absence of US textile quota for the UAE.

Victor Maliet

BANKING

Competition for private clients grows

Major banks' res	ults: 198	9 (Dhm)	
	Total assets	Pre-tax profit	% change on 1988
National Bank of Dubai	23.087	438	70,6
National Bank of Abu Dhabi	20.978	114	58.3
Bank of Oman	11,682	130	26.2
Abu Dhabi Commercial Bank	9,710	103	51.5
Emirates Bank International	8,508	128	80.3
BCC (Emirates)	6.223	64	10.3
BOME (Enimates)	4,247	120	31,9
Middle East Bank	3,821	31	40.9
		Source, publi	shed reports

THE UNITED Arab Emirates and its 2m inhabitants are notoriously well provided with banks, but thriving interna-tional trade and strong demand for retail services have given the country's jostling financial institutions some

Profits for most of the 47 local and foreign commercial banks continued to rise in 1989. Although loan loss provisions remain high, the banking sec-tor, guided with increasing confidence by the central bank, confidence by the central bank, is steadily emerging from the bad debt crisis of the mid-

"Demand for trade-related finance is healthy and growing," says one banker, in Dubai. Half a dozen banks have opened branches next to the port and free zone of Jebel All in the Dubai emirate. Another banker says: "It's a much healthier banking scene now. It is perceived outside as a more organised place than before, and the central bank deserves a certain amount of credit for that.'

This is not to say that the problem of overcrowding has been resolved. Mr Abdul-Malik al-Hamar, the central bank governor, has made no secret of his desire to see some more bank mergers, but the associa-tion of banks with particular emirates or families makes the process exceptionally difficult. In the meantime, the foreign banks, which once had a clear edge in technology, management skills and marketing, are seeing those advantages eroded local banks. Foreign banks, furthermore, are restricted to eight branches in the UAE, and have hardly any access to the substantial deposits of the fed-eral and emirate governments.

With the big corporate accounts largely a thing of the past, and Bahrain still dominating the offshore banking business, the focus in the UAE is on trade finance and retail banking. The banks are compet-ing, in particular, for UAE pri-vate clients, because, unlike the members of the large expatriate community, they do not disappear after a few years.

British Bank of the Middle

East, for example, is luring women customers through its doors - a difficult task in this traditional Gulf society - with "The Yasmeen Account", which offers discounts at a range of shops and a lady offi-cer in each branch.

This ploy has already proved successful in Oman and Qatar, and the painting of a doe-eyes partly-veiled woman portrayed on the publicity leaflets in the UAE is so striking that one male customer at BBME's Ras al-Khaimah branch has already sked for her whereabouts in order to marry her.

Banking by telephone is also taking off, and a group of four banks (Emirates Bank International, BBME, Middle East Bank and Standard Chartered) is promoting the idea of linking all the banks automated teller machines into one network. Such a system, provisionally called the Emirates Financial Transaction Switch ("Em-Switch") would favour the smaller banks and those with a limited number of branches, but would also be a natural step for the central bank to encourage in an increasingly sophisticated

retail market.

One source of concern for the banking community is that the terms of Mr al-Hamar and the central bank's board have technically expired, and there is renewed speculation that Mr al-Hamar, who is of Bahraini origin, will be replaced after more than a decade at the top.

Another worry is that the UAE's reputation will be muddied and its supervisory apparatus swamped by the imminent relocation of the Bank of Credit and Commerce International's base to Abu Dhabi from Luxembourg. European banking authorities encouraged BCCI's departure after two of its subsidiaries had pleaded guilty to drug-money laundering charges in the US, and after BCCI had announced losses of \$498m in 1989. The Abu Dhabi authorities now hold most of BCCI's shares.

A third cause of concern is that some UAE banks, in the stampede for individual customers, may have lent more than such clients will be able to repay in the allotted time, although any bad debts of this sort will be a minor inconvenience compared to the lending disasters of the past.

In general, the banks have been impressed by the regula-tory performance of the central bank. They say they will have little difficulty in complying with improved capital adequacy requirements, which are expected to be introduced in line with the proposals of the Bank for International Settlements in Basle. They are happy, too, that the new federal commercial companies law first promulgated in 1984 is finally being implemented in

The law should put business dealings on a more modern and professional footing by providing for the registration and liquidation of companies. although some people fear that it will introduce unnecessary. red tape and, by requiring local-foreign partnerships to be converted into limited liability companies, force the banks to seek additional guarantees from borrowers.

Abu Dhabi and Dubai.

Victor Maliet

Construction: high rents and subsidised finance are generating business

Abu Dhabi is back as a big spender

EVIDENCE of a construction boom in Abu Dhabi and Dubai is not hard to find. In both emirates building sites are scattered across city centres. Buildings which, in many cases, were put up less than 15 years ago are being torn down to make way for taller office and apartment blocks.

Spiralling rents, combined

Exports plus imports as % of GNP

with subsidised financing for new building, has fuelled a boom in private-sector construction and generated big business for local contractors. Multi-million dollar contracts on offer to international contractors and civil engineering consultants have also shown a marked improvement. The end of the Gulf war, relatively high oil prices and an upturn in economic confidence in the region have led to higher public-sector spending programmes in both Abu Dhabi and Dubai.

A huge man-made island off Abu Dhabi's Corniche is evi-dence of the emirate's return as a big spender. Nearly \$300m is being spent on Lulu Island, a 5km by 1km area of reclaimed land that will eventually be a leisure and entertainment complex. It is being reclaimed by dredging the sea bed and

dumping the sand in a pile.

Dredging contracts - something of a personal hobby of the ruler Sheikh Zayed bin Sultan al-Nahyan since he estab-lished the National Marine Dredging Company (NMDC) in the mid-1970s - have become a significant part of Abu Dhabi's spending programme. In recent years, dredging tenders have increased, while NMDC's previous monopoly has been relaxed to allow in international con-

tractors. Other dredging contracts include a Dh200m (\$54.4m) con-tract to reclaim land in an area known as Khor Farida, for housing development, and a similar contract for increased

industrial space at Masafa.

Meanwhile, five international consortia — three Japanese groups, one Italian and one German – are competing for the \$1bn contract to build the 400MW Taweeleh B powerstation and 40m gallon a day water-desalination plant. Tenders closed at the end of May, but local civil engineering con-sultants say that an award is not likely to be made for some time. Taweelah B will go a long way towards solving the emirate's threatened deficit of both power and water.

Steady spending is also being made on smaller improvements to the emirate's infrastructure. New roads, intersections and bridges are all planned by the Public Works Department, to further improve communications in



itered across the city centres

the modern capital city. Work on expanding Port Zayed's con-tainer terminal by the addition of two berths was recently completed, and a 40-tonne crane will be installed this

Dubai, while spending less than its neighbour overall, is investing a much greater pro-portion of its oil income infrastructural improvement. However, local contractors have reported a hiatus in a major spending spree planned 18 months ago by the Dubai municipality after the end of the Gulf war. Amid signs of differences between Crown Prince Sheikh Maktoum bin

Rashid and his brother Sheikh Hamdan, who heads the municipality, several major projects have been delayed pending reappraisal studies.

Local engineering consultants say that several key com-

mittees, which hitherto con-trolled infrastructure spending programmes at the municipality, have been scrapped, and that a new body based in the ruler's office reporting directly to Sheikh Maktoum has been set up to approve all new investment. There is a new focus on value for money, according to one British con-

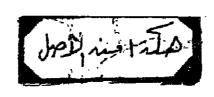
New spending now appears

to be going ahead — although often in a revised form — lead-ing to renewed hopes of an upturn for international contractors in Dubai. A 45km eight-lane motorway, linking Dubai with Jebel Ali, has been downgraded to six lanes, but is now proceeding after several months of delays. There are plans for a new Dh250m dhow harbour on the Dubai Creek, and a Dh200m bridge crossing the creek is due for tender in September.

Heading the list of large forthcoming projects is a design contract for a reclamation and marina project on the Deira Corniche, which could eventually be worth as much as Dhibn. Meanwhile, Port Rashid, the busiest port in the country, is fully stretched and looking for approval for a Dh400m expansion

A new 400MW power generating unit, known as Station G, has been moved from its originally planned site at Al-Mamza to Jebei Ali. Tenders for the Dh3bn project close on September 10. Station G is expected onstream in 1993, and local contractors also expect a call for tenders to install two emergency 100MW generators, to make up a shortfall in energyexpected in 1991-2.

Peter Lieftinck



Rec. 5

OIL: a fact of life has been recognised

Out of quotas and into the big league

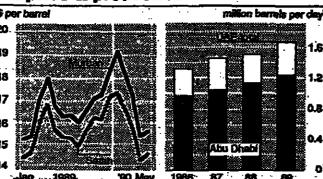
AFTER YEARS of being branded one of the Organisa-tion of Petroleum Exporting Countries' principal quota-breakers, the UAE- has achieved de facto recognition of its right to join the big-time league of Gulf oil producers. At an Opec meeting in Vienna last November, the UAE officially opted out of the quota system. By giving tacit agreement to

By giving tacit agreement to the UAE's abandonment of its quota, the other member states effectively legitimised the country's long-standing claim that its quota of a little over im barrels a day was far too small for a state with reserves of over 90bn barrels.

Since then, the UAE has consistently produced close to 2m b/d, bringing it into the same class of Gulf producers as Saudi Arabia, Iraq, Iran and Kuwait. Higher oil prices in the first quarter of this year, combined with consistently high production, led to a signif icant surge in income - particularly for the UAE's biggest oil cer, Abu Dhabi.

Throughout the process of Opec wrangling, Dubai has

Oil price & production



the project, Bab will produce 250,000b/d.

Production at the offshore Upper Zakum field, in which Japan Oil Development Com-pany (Jodco) has a 12 per cent

being expanded by 150,000b/d to 500,000b/d. On a recent visit

to Japan, Dr al-Oteiba asked

Jodco to make feasibility

studies to increase the capacity

Company (Adnoc) is now expected to turn its attention to discovered, but as yet undeveloped, fields. The next few years should see a boom for offield technology supplicate in Abri Dheld on years.

ers in Abu Dhabi as well as

Dhabi's principal source of income, the emirate has successfully proved against the odds that it can sell associated natural gas which it was previously forced to flare. Despite high transport costs Aby

high transport costs, Abu Dhahi Gas Company (Adgas) has been selling liquified natu-ral gas (LNG) under a unique

single-buyer agreement with Japan's Tokyo Electric Power Company (Tepco).

not-have been hugely profit-able, it has been successful

enough to warrant plans for a

doubling of capacity in over an tonnes per year. LNG provides a stable income over long peri-ods, which complements the erratic revenue from oil; and

industry sources predict that environmental concerns and a

Although the venture may

While oil is clearly Abu

Saudi Arabia.

Abu Dhabi National Oil

oil is expected to grow from 52m to 58.6m b/d by the year 2000. At the same time, non-Opec crude production is projected to fall from 28.7m to 25.8m b/d. As a result, Opec's market share is expected to increase from 44 per cent to 53 per cent, and Opec cruds oil production is expected to rise from 22-23m to well over 80m

Gulf states figure high in the list of countries which can eas-

Abu Dhabi is already working on several important expansion plans to increase long-term capacity at existing fields

sined on the sidelines. The UAE's second emirate, with oil reserves a mere 4 per cent of pumping oil at what it considers an optimum level to sustain the productivity of its oilfields. For the best part of a decade, Dubai has produced in the region of 400,000 b/d, irrespective of events at Opec. The UAE's war with Opec has been Abu Dhabi's concern, and it will be Abu Dhahi which benefits from the UAE's new free-

While Dubai is struggling to maintain production levels output is expected to decline rapidly within 25 years - Abu Dhabi is looking to a future where it will hold a signifi-cantly increased world market share. Falling output from non-Opec suppliers – and from some smaller Opec producers - combined with a modest increase in energy consump-tion have led to a significant rise in projected demand for

According to Gulf International Bank, world demand for

ily provide more crude for an oil-hungry world. Saudi Arabia has aiready embarked on a massive \$44bn investment programme, aimed at increasing long-term sustainable production capacity to 10m b/d. Not to be outdone, Dr Mana Said al-O-teiba, UAE oil minister, recently announced that his country's capacity would be increased from 2.5m to 4m b/d

sively by Abu Dhabi.

expansion plans to increase long-term capacity at existing fields. Abu Dhabi Company for production at one of Abu Dhahi's oldest fields, Murban, to 1m barrels. The field cur-rently produces 750,000m b/d

SINCE the oil-boom days of the 1970s, Arab countries - espe-cially the Gulf states - have jealously guarded control over their primary source of

income.
Having nationalised the bulk of the assets of foreign oil com-panies, Arab states established powerful state oil organisa-tions, turning to western oil companies as and when their expertise was required. In the process, the concept of homegrown independent oil firms was left by the wayside.

So when the rulers of the small emirate of Sharjah signed an exploration concession with a small US independent exploration and produc-tion company, Buttes Resources, in 1970, they had litthe idea that they were paving the way for the establishment of the first fully independent

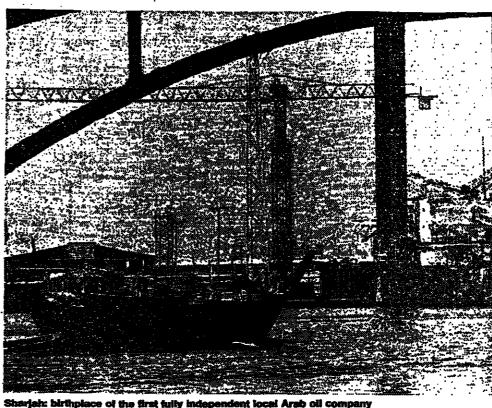
local Arab oil company. Crescent Petroleum, the new

consortium headed by Buttes to explore in Sharjah, soon made a modest oil find at the offshore Muharak field. Within 10 years the consortium, which included Ashland Oil, Getty Oil, City Services and Kerr MacGee, sold its assets in Shar-jah to Mr Hamid Jafar, an ambitions young Iraqi with a British public school educa-tion. He had been employed by Buttes to help negotiate the initial exploration agreement with the local rulers, and had headed the local operating

company from the beginning. Output at the Sharjah con-cession started declining in 1985, and since then Mr Jafar has embarked on an ambitious expansion programme, aimed at turning Crescent into an international oil company. From its base in Sharjah, Cres-cent has started expanding its field of operations to other Gulf states and as far as Yugo-slavia and Canada.

"Crescent is the only private ly-owned Arab oil producing company," says Mr Jafar. "Our objective is to become a fully-fledged energy-related com-pany involved in exploration, production, marketing and trading. Our main area of A regional base for foreign companies

Crescent is a star



Sharjah: birthplace of the first fully independent local Arab oil company

Mr Jafar sees Crescent's role as a small, integrated and independent company with good regional contacts and able to move fast. With assets of close to \$700m, Crescent has enough financial clout to be taken seriously by most governments in

the region.
Indeed, Crescent has already signed a joint venture agreement with an unnamed Gulf stream acquisitions in the West. A team based in London is on the look-out for invest-

refining and marketing concerns in Europe and the US. Crescent has already signed exploration concessions in Egypt, Yugoslavia and Pakistan. In Egypt, it is acting as operator in the East Khalda field, while in Pakistan it has farmed out part of its share in two concessions to Amoco. Crescent is now looking for more exploration rights in Yemen, Algeria and Libya.

But it is with Mr Jafar's

home country of Iraq that Crescent has signed its most important contracts. It recently signed a "sponsorship services

ment for a new 215,000 tonnes a vear aluminium smelter project at Nassiriya, under which it will arrange financing and supervise the building of of the plant. Under the deal with iraq, Crescent has also agreed to buy all of the smelter's export output, estimated at

over half of total output. Crescent, at the head of a consortium which includes US engineering contractor McDer-mott and France's Entrepose, is bidding for a contract for the development of the Luhais oil Last year, Crescent won a contract to build a \$362m secondary refinery in Karachi. The project involves the construction of a 1.35m barrels per day hydrocracker and related units, which will be fed with fuel oil from two existing primary refineries. The company is also has advanced plans for several gas transmission facilities and pipelines in the Gulf, which it will build, own and operate in areas where there is strong local demand for natu-

Mr Jafar believes that the next decade will provide a wealth of opportunity for the private sector in the oil industry. Increasing worldwide demand for oil, combined with capacity, will lead to the need for vast investments by producing countries to raise their capacity well into the next cen-

tury.
"Low oil prices in the 1980s have eroded the cash reserves of producing countries," he says. "If you superimpose on that a worldwide tendency towards privatisation, you can expect the major Arab producers to open up the oil industry to outsiders."

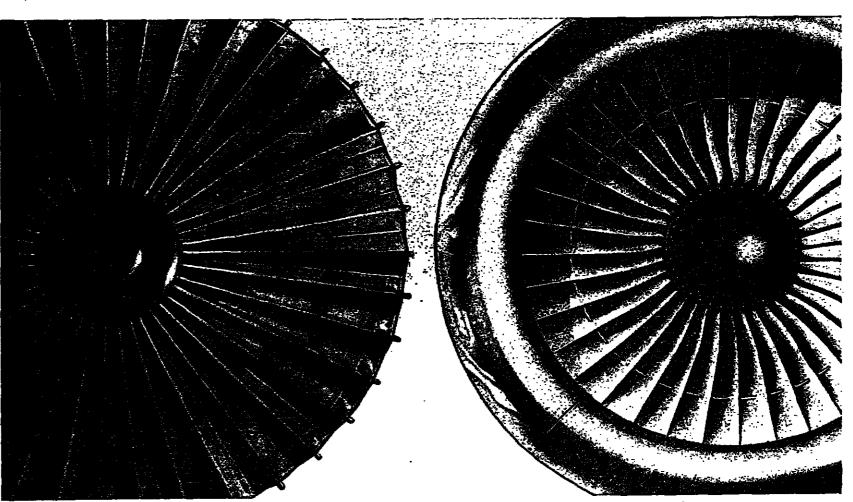
In Abu Dhabi, a small but significant move towards increased private sector involvement in the oil industry has been under way since 1985, in the form of Star Energy Cor-poration. Set up by a former director of marketing at the Abu Dhabi National Oil Company (Adnoc), Mr Mussabeh al-Muhairi, Star has built up an impressive petroleum prod-ucts storage facility at Jebel Ali with capacity for 2m bar-

The company also blends 15,000 b/d of unleaded gasoline, which it exports to the Far East and to western markets, making good a severe shortfall of unleaded gasoline capacity in the Gulf. Star is planning to build a new plant to produce the non-lead chemical compo-nents needed for unleaded petrol, which at present it is forced to buy in.

Peter Lieftinck

EMIRATES. REFINING THE AIR TRAVEL SHAPE OF

THE FAR EAST



The 17th June will herald the introduction of Emirates' expansion to the Far East. Emirates, voted Airline of the Year to the Middle East 1989 by Executive Travel, will be commencing twice weekly schedules to Bangkok, Singapore and Manila from Dubai.

Dubai forms the perfect crossroads between the Far East and Europe. What's more it can boast the world-renowned Duty Free Shopping complex, with a vast range of quality goods available, both at the airport and in the city.

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"within a few years".

The 1.5m b/d extra capacity will be provided almost exclu-

In fact, Abu Dhabi is already working on several important

Onshore Operations (Adco) plans to increase sustainable

and can reach im only on a short-term basis. A development programme is also under way, to turn the small onshore Bab field, which currently produces 40,000b/d, into a major

strong anti-nuclear lobby in Japan will lead to increased demand – and higher prices – for LNG during the early part of the next century. Peter Lieftinck

Jebel Ali duty-free industrial zone

New arrivals must bring local benefits

FIVE YEARS after the completion of a massive port and duty-free industrial zone, 45km west of Dubai city at Jebel Ali, the Emirate of Dubai is still waiting to reap the full benefits from the \$2.5bn invested in the project.

The port, reputed to be the largest man-made harbour in the world, has 67 berths and 15km of quays. It operates at a fraction of its capacity, although the recent trading boom in Dubai has led to the diversion of some traffic from

The Free Zone has attracted over 200 companies, but most of the operations are smallscale manufacturing or ware-housing units for regional dis-

tribution. Total investment by these companies stands at \$600m - considerably less

than the amount invested by the Government of Dubai. The vision of a large-scale indus-

trial complex, based on abun-

dant and cheap local energy which will support Dubai long

after the oil runs out, has yet

the key to the eventual success

of Jebel Ali as an industrial

complex. The Free Zone boasts that it can offer abundant cheap energy, but Dubai is short of both the electrical

power and the natural gas

needed for new energy-inten-sive industries. The existing

power station at Jebel Ali is close to reaching full capacity,

and gas supplies from offshore fields are desperately needed

for reinjection into the oilfields

in order to maintain pressure

The Government of Duhai is

working hard to tie up stable supplies of reasonably-priced

natural gas, according to Jebel All chairman Mr Sultan bin

Suleyam Advanced negotiations are being held with Qatar

for the supply of up to 1bn

for crude oil extraction.

Energy, or the lack of it, is

to materialise.

cubic feet per day of gas from the giant North Field, which is the world's largest known gas

Talks are believed to have stalled on the question of price. Dubai needs to ensure cheap prices guaranteed over a very long period of time if it is to attract industrialists to the area. If the deal goes through, a 400km undersea pipeline will be built by an independent consortium, possibly including British Gas, which would run

and operate it.
Talks have also been held with Iran, which has large volumes of gas on offer at reasonable prices. But despite Dubai's traditional trade links with Iran, local analysts say that

such dependence on Iran for

energy supplies is politically unacceptable. Dubai has its

own gas field at Margam with

large reserves, which it wants to keep until after the oil pro-duction starts to decline early

in the next century. But offi-

cials say that if talks on alter-native supplies of gas fail, they will develop their own supplies

Ironically, the closest and

from Margan

federation.

The Free Zone has attracted over 200 companies, but most are small manufacturing

or warehousing units for regional distribution. Total investment by these companies stands

at \$600m - considerably less than the amount

invested by the Government of Dubal

for the local economy while enjoying the benefits of cheap electrical power. Mr Sultan bin Sulayem says that companies will only be given permission to set up shop if they have tangible benefits for the local economy. New small textile operations

are now being discouraged, after a period in which dozens of small, mainly Indian, gar-ment firms began operating in Jebel Ali and the UAE as a whole from 1986, souring trade relations with the US by taking advantage of the absence of a US garment quota for the UAK. A quota has now been

in particular, Jebel Ali Free Zone is looking for companies that can bring business to the under-used port. One such operation will be a new \$30m phosphoric acid plant, planned by UK-based Narmada Industries. The 500 tonnes a day plant, due onstream in the nummer of 1992, will be moving Im tonnes per year of phos-phate rock and acid in and out

phate rock and acid in and out of the port.

Once a gas supply is tied up. Narmada says that it will be looking to make other energy-intensive fertiliser products such as ammonia. "Jebel Ali could well turn out to become a major fertiliser-producing centre." according to Narmacentre," according to Narmada's acting managing director. Mr Zakaria Eipe. "It has good infrastructure, it is well-placed for Far East markets, and it is in a region with abundant raw

largest supply of natural gas is in neighbouring Emirate of Abu Dhabi. But Dubai has Other energy-intensive sec-tors which could be attracted to Jehel Ali are those involving shied away from this source, knowing that dependence on Abu Dhabi for energy would alter the balance of power in the UAE and give Abu Dhbai the whip-hand in control of the iron and steel and special materials such as artificial diamonds.

It may be slow getting off the ground, but time is on Jebel Ali's side. The project Mr Sultan bin Suleyam is was conceived as a long-term confident enough that a gas investment by the Governsupply deal will be signed in time to attract an extra \$400m in new investment before the ment, and an immediate return on capital is neither sought nor necessary. Dubai's oil will last for another 25 years, and by then Jebel Ali may have sucyear end. Several major projects are close to being agreed.

Meanwhile, Jehel Ali Free
Zone authorities are becoming ceeded in attracting enough companies to form the base of increasingly choosy about the

sort of companies they allow into the area. Many of the companies recently set up in Jebel Peter Lieftinck

UNITED ARAB EMIRATES 4

TOURISM

Old Dubai lives on

A CLUSTER of houses with windtowers to catch the cooling breezes is one of the few surviving reminders of old Dubai.

Originally built by Iranian merchants, at the end of the last century, the Bastakia quarter, near the Ruler's Office on the Creek, is a testimony to Dubai's great trading tradi-tions and an important tourist

Today, however, Bastakia is under threat, caught between the need to preserve Dubai's heritage and the attempts by local planners to modernise the city during an economic boom. city during an economic boom.

For the past two years, Mr
David Otter, a British architect
who lives in a beautiful old
windtower house, has been
fighting moves by the Dubai
municipality to demolish the
area for commercial redevelopment. Mr Otter's home, known ment. Mr Otter's nome, known as Sheikh Abdul-Rahim Mullah house, after the mullah who lived there in the early part of the century, should be close to the hearts of the ruling Sheikhs. It was here that Crown Prince Sheikh Maktoum and his brother Sheikh Hamden first learnt to recibe the dan first learnt to recite the Koran from the old Islamic cleric.

In March 1989, Mr Otter won an apparent reprieve for the area after inviting Prince Charles who was on a visit to Dubai, to his house in Bas-

The Prince of Wales is well-known for his love of tra-ditional architecture, and caused considerable embarrassment when he expressed his dismay about the redevel-opment plans. Since his visit, evictions have been suspended, but local officials still insist that the quarter will eventu-ally be torn down. For his part, Mr Otter was criticised by government officials and believes he has been barred from gov-

ernment contracts.
Ironically, local tourism officials have been sending tourists to admire Mr Otter's house in Bastakia. "If Dubai wants to promote tourism, it must keep what little architectural heritation in the Desirable of the Point o tage it has," says the British

Indeed, Dubai has gone to great lengths to attract tourists to this unlikely destination in the Gulf, and has - as in so many other commercial ven-- been remarkably successful. Aggressive marketing in Europe, by the recently established local airline Emirates, has filled Dubai's hotels after a long period of low occu-

Unofficial estimates put the number of tourists to Dubai last year at 20,000

pancy rates. Unofficial esti-mates put the number of tour-ists to Dubai last year at 20,000. Emirates' role as the main promoter of tourism was recently taken over by the newly-created Dubai Commerce and Tourism Promotion Board. "We have decided to focus on upmarket tourism and incentive travel," according to Mr Patrick MacDonald, DCTPB's deputy chief execu-tive. "We can offer winter sun in an exotic location. In most places, exotic means roughing it. In Dubai, you have comfort and convenience."

Despite claims that it wants to attract upmarket visitors, a visit to the Chicago Beach Hotel shows that Dubai is being sold by European travel agents as a standard package destination with a slight differroom hotel with a private 300-metre stretch of beach now 90 per cent in the tourist season, which ranges from October to May. Most of the guests are middle-income families,

principally from West Ger-"They come for the four S's," says the general manager, Mr Michael McFadyen. "Sun, sea, shopping and security. Apart from a visit to the Gold Souk and a trip to the desert, they don't want to leave the hotel." Of all the Gulf destinations.

Dubai is the most accessible. British people do not require visas, and other tourists can have their visas arranged by their hotel.

Apart from attracting new tourists, the board is also advising the Government on measures to make Dubai a more attractive place. This year, DCTPB broke down a major hurdle in the path of tourism when it persuaded the Government to allow hotels to serve alcohol during the Moslem fasting month of Ramadan. Local officials concede that the original drive to promote tourism came from the need to fill hotel beds after a badly-

planned boom in hotel con-struction during the late 1970s. But the success has been such that a decision will soon have to be made on whether to build more tourist hotels out of town.
Plans are already under way

for the construction of several new business hotels close to the town centre. According to Mr John Lewis, managing director of Emirates Bank International and a board member of DCTPB, there is an urgent demand for more beach resort hotels which can cater to the needs of both business

However, local hoteliers,

fearing increased competition for a limited number of tourists, caution against a renewed hotel-building spree. They argue that Dubai will never be a mainstream destination, and that it should be content with Meanwhile, Abu Dhabi can also boast limited success in promoting tourism. Abu Dhabi National Hotels Company, a local joint stock company which either directly owns or operates seven first-class hotels in the emirate, expects 7,000 European tourists by the end of the current season. A expected next year, when the German charter airline, LTU,

starts twice-weekly flights to

Peter Lieftinck

Emirates: Peter Lieftinck profiles the region's youngest airline

Bravado upset the neighbours

THE REGION'S youngest airline, Dubai-based Emirates, sistently been voted the area's best carrier. And to its credit, since it was established in 1985,

was established in 1985,
Emirates has proved to be a
both efficient and pleasant
airline by any standards.
Spurred on by Dubai's
success in establishing itself
as a regional business hub, Emirates has embarked on an ambitious expansion plan. Starting this month, the

airline will supplement its flights to Europe and the Indian sub-continent with new flights to Singapore, Bangkok and Manila. Further aher the airline is looking to

increase flights to other Pacific Rim countries. Emirates has already been identified by local bankers as an important source of business, despite the fact that it refuses to disclose any significant details of its financial performance when

The airline has already taken out two separate syndicated loans to finance the purchase of new aircraft worth over

it horrows money.

It is fast becoming one of Airbus Industrie's best clients in the region. The Emirates fleet already includes two A310-300 and one A300-600R,

and this month the atrline takes delivery of the first of six new Airbuses to be delivered by 1993.

By setting up its own airline in a characteristic act of commercial bravado, the Dubai Government was perceived by its Gulf neighbours – particularly the fellow UAE emirate of Abu Dhabi – to be undermining the four-nation consortium airline Gulf Air. As a result, Emirates has been denied landing rights in Gulf Air's home bases — Abu Dhabi, Bahrain, Doha and Muscat thus hampering its attempts to set itself up as the carrier for a regional hub in Dubai.

But it already flies to Kuwait and Saudi Arabia, and plans to fly to Baghdad by the year-end. Plans for a regional sea-air cargo hub will get a boost from a new cargo village, shortly to be opened at Dubai airport.

By successfully developing the Dubai tourist market, Emirates boasts occupance on its European sectors which are higher than other regional airlines'. And in negotiating passenger rights for sectors not originating or ending in Dubai, Emirates believes that it is insuring itself against any downturn in Dubai's

Fujairah is a modest emirate, with the world's smallest Hilton

Strategic port still growing

THE STREET-lighting ends as you drive from Sharjah into Fujairah, increasing your chances of hitting a camel on the road by night and confirming that you have entered a modest emirate without oil or

gas revenues. gas revenues.

Fujairah, like the other poor relations in the UAE, Ajman and Umm al-Quiwain, lives in hope that it will one day find the hydrocarbons enjoyed by its more fortunate neighbours, but in the meantime it has pursued prosperity by other means, including industrialisa-tion, the development of sea and air cargo services for the

region, and tourism.

A quiet and friendly place Fujairah boasts the world's smallest Hilton International

hotel, with 87 rooms.
Fujairah and its 60,000 inhabitants benefit from the infrastructure and the generous welfare state provided by UAE federal funds, but the jealous exploitation of oil and gas reserves by the individual emirates for their own ends leaves Fujairah partly dependent on its own resources and on the largesse of Abu Dhabi and Dubai, the two most pow-

erful emirates. On a recent visit to Fujairah, On a recent visit to rugairan, Sheikh Zayed bin Sultan al-Nahyan, the ruler of Abu Dhabi and UAE President, called for the building of 400 houses at his expense. His son Sheikh Khalifa ordered a further 150. Abu Dhabi has lent Fujairah some Dh500m (£80.5m) through the Abu Dhabi Fund, and is now paying for a water system and a 1m gallon a day desalina-tion plant, while Dubai is funding another 2m gailon a day

project.
These are generous gestures, typical of paternalistic Gulf society, but generosity is unpredictable. Sheikh Hamad bin Mohammed al-Sharqi, the ruler of Fujairah, has pru-dently supported the federation at the same time as seeking to win a measure of economic independence for his emirate, even if he has to use borrowed or donated funds to do so. Probably the most successful

of Fujairah's projects has been the port, which was built from scratch and began operations in 1984 at the height of the Gulf war. Strategically placed, outside the hazardous waters of the Culf on the UAE's core of the Gulf on the UAE's east coast, Fujairah quickly became chandlering, bunkering and repair centre for tankers waiting to enter the Strait of Hormuz.

The Gulf war ended with a easefire in 1988, but Fujairah port continues to expand. It is now the third busiest container terminal in the Gulf region, although some residents are concerned about pollution and what they see as the shortage of direct financial benefits for the emirate. Others fear that Fujairah may be over-depen-dent on American President Lines, which uses Fujairah as a transhipment point for the Middle East and the Indian subcontinent.

Fujairah's gleaming interna-tional airport, opened in 1987, is still too quiet for comfort, although there are now six scheduled passenger flights a week and the beginnings of a promising sea-air cargo business. A joint venture between Aeroflot of the Soviet Union and a group of Dubai investors is flying cargo from India and the Far East into the Soviet

the Far East into the Soviet Union.

Like Ras al-Khaimah, Fujairah has become a centre for the production of building materials, which are exported to the Gulf and beyond, and sold to other emirates in the UAE. "We have nice mountains," jokes one enthusiastic local husinessman "Wa can local businessman. "We can blast away, crush them up and use them for aggregates and cement." Fujairah companies generally controlled or encouraged by the Government
 produce everything from rockwool to marble and

ceramic tiles.
Fujairah and the other poorer emirates are reaping the benefits of the economic boom in Abu Dhabi and Dubai and the improved confidence in the Gulf as a whole after the war. Building materials are

much in demand for new offices and homes, and Dubai's success as a trading entrepot has substantial spin-off benefits for Fujairah and its neighbours. Much of Dubai's outgoing air cargo, for example, comes through Fujairah port, and tourists on a trip to Dubai find good beaches and record find good beaches and rugged scenery in Fujairah.

Dr Salem Abdo Khalil, technical adviser to the Government, regrets that his dream of an oil pipeline to Fujairah from the Gulf (bypassing the Strait of Hormuz) and a refinery to go with it have not been fulfilled. But he is aware of Fujairah's financial limitations and must promote the Fujairah and must promote the Fujairah free trade zone - which has so far attracted four companies and other facilities as best he can. With Dubai's Jebel Ali port and free zone spending heavily on publicity, he says: "We go behind quietly and say

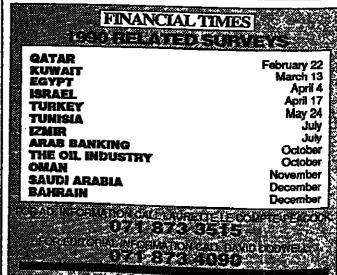
we are just like that!"" One measure of Fujairah's relative poverty is the number of power-cuts. Such infrastructural problems can ultimately be resolved with the help of the UAE or its component parts, but whether Fujairah can reap good returns on large

an open question. Fujairah's retail market is so small that it is largely serviced by Dubai wholesalers, and the inhabit-ants of the emirate, having abandoned the traditional pursuits of farming and fishing, are usually content to take the easy government office jobs available to UAE citizens.

Sheikh Hamad is enthusiastic about farming and has a herd of Jersey cows to provide Fujairah with fresh milk. The emirate's agricultural and industrial potential, however, is restricted by shortages of power and water and the nature of the climate.

The Siji Greenhouse Company, a Dh25m investment which began three years ago with the help of the Abu Dhabi Fund, produces house plants and cut flowers for the Gulf market, but the harshest summer months are so hot and humid that they render the evaporation cooling system for the greenhouses virtually use-

> Victor Mallet and **Peter Lieflinck**





Congratulations

H.H. Shaikh Zayed Bin Sultan Al Nahyan

President of U.A.E..

H.H. Shaikh Khalifa Bin Zayed Al Nahyan

The Crown Prince and Chairman of S.P.C..

the People of the United Arab Emirates

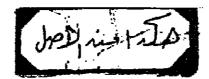
and

best wishes to the U.A.E. Football Team for success and progress at their final matches

in the World Cup

Abu Dhabi National Oil Company

Adnoc





Sylvestra Le Touzel, Phelim McDermott and Sian

The Illusion

The theatre has been described as a madhouse, with the opera house as a wing for the incurables; to which one can only adapt George II's response when warned that Wolfe was mad: Then I wish he would bite some of my other gener-

Opera has been spreading its contagion in British straight theatre for a few years now with results of wonderfully unbridled exuberance. The pro-ducer Richard Jones is a case in point. His Love for Three Oranges combined elements of fairy-tale and comic strip, car-

toon and grand guignol.

Again he has come up with a like-minded designer - Nigel Lowery, with an all-opera track record - to unfold a tale within a tale with the aid of slanting angles, trick perspec-tives, and the paraphernalia of flexible theatre, all underlining the irony of the author Corrigid straitjacket of French classicism; something of a

advocate later regretted.

Cracks meander from a circular hole in the backdrop where a globe constantly turns: a huge bloodshot eye, in fact. The idea of vision domi-nates the plot, beginning with the magus that Pridamant (the excellent Stuart Richman) consults in search of his runaway

The magician appears purple dinner jacketed and, in the per-son of Rosalind Knight, as androgynous as all seers from Tiresias onwards. He/she conures the apparition of long-lost Clindor's amorous tangle, complete with cowardly braggadocio and pert maidservant, familiar from commedia dell'arte. The action is punctuated by comments from the two watchers, occasionally revealed sitting in a row of theatre seats or on a cloud peering at the distant earth or even in a model of the Old Vic

The story unfolds with glancing use of puppets, mod-els, and mime to sound effects as when a manservant shaves his master with invisible but audible scap and water, stropped blade and rasping bristle, garging and spitting, all to synchronised offstage sound. Almost glittering swordplay is conducted with-out blades; invisible watchdogs strain at unseen leashes. The last act moves into heroic, then tragic, mode, with real steel under visible falling snow. The heartbroken father sees his son run through; but one more sur-prise awaits us as from the back we see the company taking its bows in a cut-out pro-

As they "found freedom less rewarding than they thought, they took up acting as a last resort." "I'd rather he was dead," anorts the disgusted parent. Ranjit Bolt's fluent translation uses rhymed cou-plets, not the traditional French alexandrines but familsible decision that lightens the texture and speeds the pace.

The beautifully stylish Syl-

vestra Le Touzel's scheming maid (turning round to reveal her long black dress cut away to a miniskirt behind, another form of proscenium) makes the most of her Despina-like couplets. She, Duncan Bell and Sian Thomas are not at all fazed by the last act's mock-Jacobean (or Drydenesque) resonances with which Mr Bolt conveys the drama within a

vision within a play.
One final layer is peeled away. The father reconciled to his son's theatrical career, the theatre's back wall is exposed, and through a door the traffic in the Waterloo Road is glimpsed, a last glimmering image on the dark stage, reality and fantasy comfortingly combined, assuring us that magic is just round the corner.

Martin Hoyle

TELEVISION

Rules for life, Polish style

their faith in the computer's assurance that the ice on the lake will bear the boy's weight, but it breaks and he drowns. In

the end it seems that the com-

mandment in question is Thou shalt have no other gods

before me," though this takes a while to emerge.

In drams No. 2 it becomes clear that the thread linking all 10 stories is the block of

flats where the characters live. One of the residents, a doctor,

is pestered by another, a wor-tied looking woman, to reveal the true condition of her lms-

band who is seriously ill in hospital. Previously unable to

conceive, she has become preg-nant by another man but so loves her husband that, if he is

to survive, she will have an abortion. What should the doc-

tor tell her? There are surely two commandments here with

equal claims: Thou shalt not kill, and Thou shalt not com-mit adultery. We may discount

the first on the grounds that it is so clearly the one behind this week's work, but then it

turns out that drama No. 9 is

concerned even more centrally and vividly with adultery.

As the series progresses it becomes difficult to believe

that Kleslowski, who directed and co-scripted all ten, was concentrating exclusively on

one commandment in each case; and at the end it is hard

he Poles are reminding us what good, serious, entertaining dead dog and tears well up in television drama looks like. On Sunday BBC2 reached the halfway stage in Ten Commandments, a sequence of ten 60-minute modern dramas created in 1988 by Krzystzof Kieslowski, inspired by, or loosely based upon, or anyway somehow connected with, the rules for life given to the Jews by God via Moses. We are invited to match up a different commandment with each story but, having watched all ten, I suspect Kieslowski has good reasons for refusing to say which is which.

In some cases there is no doubt. This week's work, subtitled "A Short Film About Killing," which has been extended to movie length and shown to acclaim in the cinema, was clearly concerned with the commandment "Thou shalt not kill". Kieslowski obvionaly takes the sane and com-passionate view that this ought to mean what it says, a belief he manifests by uncompromis-ingly illustrating both the ingly illustrating both the pointless murder of a guiltless (though, typically with Kieshowski who is deeply aware of man's ambivalence, and rarely draws in black or white, not very likeable) taxi driver by a mindless yob, and the ruthless ritualistic killing of that mindless who by the state hangman. less yob by the state hangman.
In other cases it takes time for the relevant commandment to become apparent. For example the opening work, one of the best of the lot, is about a university lecturer and his small son, both of whom dote proportions. The central upon computers. The central concern is the father son rela-tionship which has rarely been depicted on television with greater sensitivity, the acting from the boy, played by Wojciech Klata, being quite

his eyes – eat your heart our Shirley Temple) as is the act-ing from the small girl who plays Ania in drama No. ?. Kieslowski's other main-interest in his first story is the relationship between religious and scientific understanding or, remembering that this is Poland, between religious and secular power. The outcome is deeply sad: father and son put

moral sense. There are reminders that this work was done "behind the iron curtain" at a time when that phrase still had time when that phrase still had a powerfully significant meaning, but they are nearly all material reminders: drabness, unattractive and old fashioned cars, and so on. Apart from occasional references to the Catholic church, in moral or spiritual terms the stories might just as well be set in Wendover as Warsaw. Yet we would not expect British television (not in the 1990s, anyway, though matters were different in the '60s) to deal in this manner with these sorts of sub-

Next week's story, No. 6 — another which has been expanded for cinema release, this time under the title A Short Film About Love, and has also won swards — deals delicately, humorously and sympathetically with topics which, in Britain, would be treated either as "dirty" and thus condemned, or as exploitation material and thus handled coarsely and crassly. The hero coarsely and crassly. The hero is a young peeping tom, the heroine — subject of his attentions — is a bit of a tease (known as a "PT" in my schooldsys) — and the story reaches its all too literal cli-

commandments 3 and 4 ("Thou shalt not take the name of the Lord thy God in vain and "Remember the sabbath day to keep it holy" etc). This is hardly surprising since it would have been limiting and contrived to devote 60 minutes to those commandments which have proved least universal

and timeless.

The matching game is, anyway, pretty pointless, the impressive aspect of this series being Kieslowski's profound concern with the way in which we govern our lives today in a



Doting on computers: Henryk Baranowski and Wojciech Klata in the first episode of Krzysztof Kieslowski's 'Ten Commandments

max with a pathetic example of premature ejaculation. It is almost impossible to imagine

almost impossible to imagine British television dealing with such subjects without either subjects without either subjects of the subjects without either subject of the su all his work throughout this series, there is only one "ism" apparent and it is not femiapparent and it is not femi-nism or Marxism or even socialism, but humanism. Despite the title, Kleslowski's writing is rational rather than religious. There is no difficulty in fitting his work into a pat-tern of influences with prede-cessors including such people as Dostoevsky, Shaw and Skoli-mowaky, and there is nothing pretentious about mentioning his work in the same sentence his work in the same sentence as theira.

It is a pity to have to say it, but we should be enormously grateful to the BBC's purchas-ing department for bringing us Ten Commandments from

Poland because (leaving aside Dennis Potter who is such a different sort of writer) it seems that we have nobody in Britain today who can create this sort of television drama.

Whatever you miss on television this week, do catch tonight's Dispatches at 8.30 on Channel 4: it is an outstanding piece of "Sez who?" journalism. That bright, clear-thinking producer/director Joan Shenton looks at the panic-mongering and special pleading which has characterised so much of the previous material about Aids amongst broadcasters ("it's time to be frightened again" wailed the BBC's Social Affairs Editor, Polly Toynbee, 18-months ago. "The infection months ago. "The infection and death figures still multiply." And "heterosexuals have reverted to pre-Aids habits. Until everyone knows someone, or knows of someone, who has been infected they simply won't believe it could happen to them") takes that sort of journalism by the neck, shakes it vigorously, and sets off to see what the calm thinkers outside the multi-million dollar research lobby are saying.

The result is eye opening. It seems that HIV may not be the cause of Aids at all. It may well be that Aids is not an infectious disease. Over-use of drugs, not just among addicts, may have much to do with the syndrome. The programme may leave you wondering about the apparent high incidence of something looking like Aids in Africa, but after all those other programmes which were primarily concerned with not offending concerned with not onenoung homosexuals (in their emotional approach much like the BBG's recent outburst on environmentalism) it is encouraging to find that there are still proper television journalists around, working with discipling and with with discipline, and with minds not warped by sentimentalism. The programme provides powerful reinforcement for the reinforcement for the assertion expressed repeatedly in this column for more than three years — that all the most reliable evidence suggests it is extremely difficult for normal non-addict heterosexuals to acquire Aids.

Christopher Dunkley

Eurydice

For the second time in its Minerva season Chichester looks to the French, this time with a fascinating piece from Jean Anoullh which recalls this theatre's championship of the author in years gone by.
Written in 1942, two years before the more famous Antigone, and given its British pre-mière as Point of Departure, it wraps the myth of Orpheus and Eurydice around the famil-iar Anoullh themes of heroism and the refusal to compromise: Whereas the stakes in Antigone are political, here they are simply romantic. Orpheus and his father are street buskthey meet by fate in a station cafe where she is awaiting departure for the next provin-cial rep and he for the next town. Against a backdrop of transit and impurity, the lov-ers find their perfect moment; in a hotel room of snatched passion and illicit lechery they

consummate their love. Penny Brown's setting of rose-papered bedroom flanked by the dingy browns of railway catering is as atmospherically French as Anoullh's emotional premises — and quite rightly so, since the intensity of his lovers emerges strangely through the clipped diction of wartime English, which is demanded by Peter Meyer's meticulously dated translation. But this is not Brief Encoun-

ter nor was it meant to be, although one could imagine that resonance carried it through its British première, with Dirk Bogarde, in 1950. Director Michael Rudman has

quite rightly avoided obvious romantic casting, selecting a Eurydice, in Shirley Henderson, who is girlish in looks and piping in voice, forcing one to confront the adolescence of her emotions, while William Oxborrow sustains the tremu-lous passions of the young Orpheus with a remarkable

Around them, Rudman has planted a cacophony of carica-tures – from the brazen sexuality of Patricia Brake as Eury-dice's mother, to the sad seediness of Peter Halliday as Orpheus's father, exemplars of life at its most ignobly ordi-

Half in and half out of their ranks stand the enigmatic fig-ures of the hotel waiter (a greasily, apologetically nosy Milton Johns) and Monsieur Henri, self-appointed agent of fate played, with an exquisite restraint by Théatre de Complicité's Simon McBurney in a scarcely visible nod to a tradition of metaphysical

It is Monsieur Henri ferret-featured and rubber-limbed, who presents the play's manifesto and facilitates the movement of the myth. It is he who, scarcely acknowledged, stands between Anouilh's overlong overlong Anoulla's overlong philosophical wrap-up and an audience which, the premature clapping would indicate, had expected the play to end, sesthetically and comfortably, with Eurydice's second death.

Claire Armitstead

Kent Nagano

Sunday's concert by the Sunnay's concert by the London Symphony began with the British première of Toru Takemitsu's A String around Autumn, a gentle viola concerto. In his orchestral evocation of the equinox, Takemitsu elected the grap between himself tion of the equinor, Takemitsu closes the gap between himself and late Delins until it's all but imperceptible, while the viola (here Nobuko Imai, simple and sensitive) hims to itself nostalgically. There is some soft piling-up of chords à la Berg and a brief, more forward cadenza, discreet grouph not to disturb discreet enough not to disturb conversation. As refined, very upmarket Muzak, String has It went down easily as could

we were hungry again -which was the cue for Mahler's Ninth Symphony. Again the conductor was the young Japanese-American Kent Nagano, admired here for his brilliantly honed account of Messlaen's Saint François and some good work with the London Sinfonietta. In prospect, a Mahler Ninth from him seemed an winth from him seemed an uncertain quantity; one expected intelligence and high polish, but the huge challenge might well have been premature. In fact it made a breathtaking experience, and it testified equally to Nagano's superlative command of the orchestra, his penetrating sym-pathy for the Mahler tradition and his immediate musical instincts. The latter showed everywhere, in his unerring control of pace and climax securely achieved, balanced and powerful, never shrill except where the music demands it. Nagano had also

the secret of lean late-Mahler sound, from the preludial bars of the Andante comodo (calcu-lated to a hairsbreadth) to the dying fall of the Adagio, which he drew out with such tensile delicacy that three separate coughing-fits among the audience couldn't spoil it. Those outer movements were spread out in full breadth and depth: this was a "young man's Ninth" only insofar as it was outer through the property respirate and through overtly passionate, not through any raw haste or flashy attack The LSO played magnifi-cently for him. In the Andante their intertwining strings were translucent and tender beyond

their own best standards, and ment were thrilling. Nagano secured fantastic clarity for the tangled Rondo-Burleske and an inspired dramatic bridge from visionary Trio back to savage Allegro; if the preceding Landler movement lacked a crown-ing touch of malice, its imaginative variety got maximum The precocious Nagano is an orchestral technician of the

first order, and now he has proved his musical range beyond argument. Besides Simon Rattle, I've heard no other maestro of his generation displaying such mature authority and such open-ended promise. Grand Old Men being nowadays in short supply, I should think that any great orchestra needing a permanent conduc-tor would do everything possi-ble to acquire him: it would look like a bold gamble, but it wouldn't be any such thing.

David Murray

June 8-14

Swan Lake

Swan Lake has long since ceased to be a ballet. It is a fantasy about how ballet com-penies understand the art they panies understand the art they supposedly serve, a means of identifying themselves, at worst a miserable fraud, and at best, a thrilling study in the lyric possibilities of classical dancing. For the Kirov Ballet, who alone in the world now know how to dance it, Swan Lake is a ritual whose relevance is preserved through loving devotion to style and to the ing devotion to style and to the significance of the central ballerina role.
The ballet's action, its inci-

dental characterisations, have been reduced to a potent essence by the Kirov: nothing is explained in fussy mime; no one on stage feels they have to justify their presence with ceaseless mumming, and Igor Ivanov's scenery is ideal in its discretion and evocative simplicity. The scene is thus set for the real matter of the performance, which is the Kirov's impeccable understanding of the evolutions of the corps de ballet, of the fire of the national dances (the way the third act mazurka is presented is one of the marvels of ballet in the world), and of the art of the ballerina who must inspire

the natarma who must inspire the evening.

On Monday night, when the Kirov brought their Swam Lake into repertory, all these mat-ters fell into splendid place. It is of no significance that the text is less historically accurate than that proposed by the Royal Ballet. The blessed legion of Kirov swans, the graegin of know swans, the national dancers - even that damned jester - were impeccably right, and at the heart of the proceedings there was Olga chenchikova as Odette/Odile.

I feli under Chenchikova's spell when she first appeared as a radiant girl with the Kirov in Paris in 1977. She is now a ballerina in the full plenitude

of her powers. Her manner is grand - none grander in womanly dignity and opulence of physical means - her dancing majestic in its nobility of pose. As Odette she is an Ingres, the As Overte she is an ingres, the fires of the Swan Queen's tragedy banked under the formal beauty of her dance and of her physique (she is a notably lovely woman). Her second act might be thought "old fashioned" in its instance upon decidation white the second so the s stylistic purity - it seems to hark back to an earlier generation of Petersburg/Let performance, to Marina Semyonova and to Alexandra Danilova (memories of whose performance were awoken by Chenchikova's elegance of means). The rewards are tremendous. The choreography has both expressive integrity and richness of dynamics as the dance is poured out like some heavy, potent liquor. As Odile, Chenchikova is transformed into a being of demonic energy, blazing with every virtuoso trick. And yet, despite the massive bravura, Kirov style controls every movement and the reading is both daz-zling and consistent with her Odette. No Siegfried could resist this enchantress, and certainly not Makharbek Vaziyev, her partner on Monday night. Chenchikova's com-manding art needs a Prince of comparable physical and spiri-tual power, and Vaziyev is altogether too modest for the role.

For the rest there was a most attractive trio from Yelena Pankova, Irina Chistyakova and Grigory Chich-erin, and as ever, Viktor Fedo-tov, that Prince among ballet conductors, nursed the dance and the rousic. But he, and we, really need the Kirov orchestra to give Swan Lake its true splendour, that splendour everywhere apparent in Chen-chikova's performance.

Clement Crisp

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FINANCIAL TIMES EUROPE S BUSINESS NEWSPAPER

ARTS GUIDE

THEATRE

Auything Goes (Prince Edward), Anything Goes (Prince Edward).
Cole Porter's stilly ocean-going
1930s musical has Elaine Paige
failing to simulate Ethel Merman.
Jerry Zak's desperately bright
production comes from the Lincoln Center in New York and
is undemanding fare (784 8961,
cc 336 2428).
Jeffrey Bernard is Unwell
(Apollo). Tom Conti is the alcoholic journalist. Keith Waterhouse has stitched a fine play,
the season's highlight, from Bernard's own writing, Ned Sherrin
directs (437 2863).

directs (437 2863).
Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber

operetta. Musically interesting and well directed by Trevor Num, a cast of unknowns project the right sense of sybaritic insouciance, (839 5872). Shadowlands (Queen's). Weeple about the love affair between crusty Oxford writer C.S. Lewis and the cancer-riddled American poet Joy Davidman, which pushes both Nigel Hawthorns and Jane Lapotaire into the awards stakes. William Nicholawarts states, winder Namor-son's play is irresistibly emo-tional. Elijah Moshinsky's direc-tion is superb (734 1165/439 3849). The Wild Duck (Phoenix), Peter Hall's revival of Ibsen's tragicomedy champions the great Norwegian's humorous potential. Alex Jennings heads the cast. (071 240 9651). About Person Singular (White-hall). Robust revival of early Ayekbourn comedy, directed by the master himself, about three couples in three kitchens

er three Christmases, in a production which confirms Ayek-bourn's early bleakness (071 887 1119). Henry IV (Wyndham's). Piran-

dello's cat's cradle of fantasy gen's cat a trade of tantage and reality, identity and time in a production by Val May. Sarah Miles left the cast, but Richard Harris stayed to give a star performance as the noble man who thinks he is an 11th century king (071 867 1116). Vamilla (Lyric), Heavy-handed satire on New York super-rich and US-backed oversess dictatorand us-decked oversees increases ships, directed by Harold Pinter, with a cast including Sian Phillips, Joenna Lumley and Gwen Humble, who do New York writer Jane Stanton Hitchcock Transfer than the strictly prouder than she strictly erves (071 437 3686)

New York

Cat on a Hot Tin Roof (Eugene O'Neill). Kathleen Turner, whose statuesque good looks embody Tennessee Williams' vibrant character Maggie, is surrounded by an excellent supporting cast in Howard Davies' production. Grapes of Wrath (Cort). The Steppenwolf company's interpre-tation of the Steinbeck epic novel brings alive the 1930s in its equalour as well as its test of human strength. Gary Sinise as Tom Joad stands out in Frank Galati's adaptation. Heidi Chronicles (Plymouth). Menn Chronicies (Plymonic).
Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from support for Eugene McCarthy's presidential aspirations to electoral

ambitions in the 1980s. (239 6200).

Gypsy (St James). This 30th anniversary production does more than revive a rich, vivid musical; it also introduces a new belter in the Merman tradition, Tyne Daly, as the bossy, theless and tuneful Rose, who shamelessly leads her daughter into burlesque while rejecting a personal life for herself (246 0102). Grand Hotel (Martin Beck). Tunnny Tune, Broadway's pres-Tommy Tune, Broadway's pres

Tunny Trine, Broadway's present musical doctor, directs this remake of the Garbo film in an elegant, but somewhat random setting (246 0102).

Sweeney Todd (Circle in the Square). An intimate production of the Sondheim-Wheeler musical in contrast with the elaborate of the state original a decade ago emphasises the descent into madness of Bob Gunton as the demon barber of Fleet Street (239 6200). Jerome Robbins' Broadway (Imperial). Anyoné attracted by

the notion of three hours of film trailer previews will adore this composition of Robbins' directed and chareographed plays of the past 40 years, including On the Town, West Side Story and Gupsy. The lustre of the credits is dimmed by the brevity of each se dimined by the brevity of each piece, with a contemporary crew of Broadway aspirants who lack the multi-talents that inspired the heyday of the musical.

Cats (Winter Garden). Still a sell-out, Trevor Numn's production of T.S. Eliot's children's poetry set to imagic is visually startling and choreographically feline (239 6262). Les Misérables (Broadway). The

magnificant spectacle of Victor Hugo's majestic sweep of history

and pathos brings to Broadway lessons in pageantry and drama (239 6200).

Phantom of the Opera (Majestic) Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunt-ing melodies in this mega-trans-fer from London (239 8200).

Startight Express. Andrew Lloyd Webber's roller-skating musical alides into Washington on its national tour. Kennedy Center Opera House (467 6700).

Steel Magnolias (Royal George) Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dry ers in a busy hairdressing estab-lishment (988 9000).

Tokyo

Kabuki. The National Theatre (265 7411) has a "kabuki classroom" that consists of a lecture demonstration followed by one of the most famous plays in the repertoire, Kanjincho (The Sub-scription List). An excellent intro duction to kabuki, At Kabuki-sa (541 3131).

Peer Gynt (in Japanese). Japan's most famous director, Yukio Nin-agawa, best known for his samu-rai Macbeth and noh Tempest, rai Macbeth and non Tempest, tackles lisen's "unstageable" masterpiece, with a cast headed by a popular young rock singer. Advance Theatre (201777). A Man Called Macbeth. One of Japan's best fringe groups, Daisan Brotica, in a wild and visually emberant adaptation (in Japanese) of Shakespeare's tragedy. Tokyo Globe (Wed-Sun only) (360 1151).

SALEROOM

Taiwanese go for romance

A very romantic Edwardian painting by Thomas Gotch, "The Message," which portrays his daughter, in the role of the Virgin Mary, being alerted to her future by an Angel in a field of poppies, sold at Phillips yesterday for £185,000, at the top of its estimate. The painting which had have as least 4ing, which had been on loan to the Northampton Art Gallery for almost 60 years, had been exhibited in *The Last Roman-*tics exhibition at the Barbican last year. It was bought by the Tainan Chi'mai Arts Foundation of Taiwan, which also acquired the preparatory pen-cil study for £13,200.

The auction of modern British pictures did something to settle what had become an uncertain market. It totalled just over £1m with 28 per cent unsold. There were three more notable artist records -£154,000 paid by David Kerr for The Bridge at Grez-sur-Loing," a rare Impressionist work by Roderic O'Conor; £39,608 from another London dealer, Chris Beetles, for "The Coming Day," a sunrise over a landscape with horses and a windmill by Sir John Arnesby Brown; and £20,900, paid twice, for horsey pictures by Lucy Kemp-Welch.

Sotheby's had the gilt taken off its auction of Chinese ceramics and works of art when by far the most important item, a covered vessel, a fangyi, used for storing either wine or grain and dated to the Shang Dynasty, around 1300 BC, failed to find a buyer, and was unsold at £260,000. Its low estimate had been £260,000.

This apart the auction went well. Lai Loy, a Hong Kong dealer, paid £165,000 for an imperial encrusted gilt bronze and hardwood panel, Qianlong, decorated with a gourd (against a top estimate of £30,000), and £110,000 for a gilt-bronze musical clock also dating from the late 18th century, one of the many western clocks which so intrigued the

Imperial Court of the period. A Southern Song Dynasty guan-type Longquan celadon vase of cylindrical shape, just over 10 inches high, sold to the London dealer Eskenazi for £121,000, double its estimate.

Antony Thorncroft

FINANCIAL TIMES

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Wednesday June 13 1990

The art of the impossible

IN THE past year, the word "impossible" has had to be deleted from the lexicons of politics and international relations. As of this week, all of the former satellite countries of eastern Europe have demo-cratically elected governments. Germany is all but reunified. If, as expected, the Supreme Soviet votes today for a series of motions demanding the immediate implementation of liberal new laws on land reform, private property, small business and entrepreneurship, the formal euthanasia will have been completed for the centrally planned, party-dominated communist state.

But as eastern Europe completes its peaceful liberalisation, a troubling question remains unanswered. Could the political miracles of 1989 and 1990 turn out to be eco-nomic impossibilities after all? Having passed through the first euphoric phase of demo-cratic self-discovery the nations of eastern Europe are now approaching the second, less glamorous stage of their revolutions — the time when economies have to be reconstructed, sacrifices accepted and conflicting political interests reconciled. So far, only two countries, Poland and Yugoslavia, have plunged into this second stage of the reform process. And despite the undoubted successes, particularly in Poland, in dealing with trade deficits and hyper-inflation, the omens are daunting for other governments contem-plating the Polish path to reform. Not only have the Poles suffered huge cuts in their living standards, but the most painful period of the reform programme may still lie ahead as the enterprises which have been hoarding labour finally run out of money. Yet, even before this denouement is reached, the attacks by Lech Walesa on the Solidarity-led Government suggest fissures in the political consensus which has sustained Poland's

Market system

It is hardly surprising that in the financial markets and business communities of the West the early enthusiasm about eastern Europe is turning to scepticism. If the transition to difficult for Poland, will it not prove impossible for other countries which lack the uniting force of Solidarity and the Polish Government's will to reform? The answer may not be as grim as is often

True touchstone

The choices for new governments in eastern Europe are not confined to the extremes of "shock treatment" or centrally-planned stagnation. It is often forgotten that microeconomic, not monetary, policy is the true touchstone of radical reform. Unleashing market forces in eastern Europe and the Soviet Union could gener ate a huge supply response, especially in countries which do not share Poland's legacy of hyperinflation and foreign indebtedness. It would be quite possible for Czechoslovakia, for instance, to move much faster than Poland on privatisation and enterprise reform without necessarily suffering reduc-tions in living standards on the scale seen in Poland. The kind of populist privatisation pro-posed by Mr Klaus, which would involve handing out stakes in the newly created private companies directly to the country's citizens, could be both more radical and more popular than the employee ownership favoured by Solidar ity in Poland.

It would be a misconception to suppose that every radical move towards market economics is bound to be unpopular or even uncomfortable. In this respect the Soviet critics of the original reform plan put forward by the Ryzhkov Government were right. The stress on raising prices, rather than measures to promote private ownership and reform enter-prises, had the hallmarks of a st-ditch attempt by the Sovie party structure to discredit radical reform. Thus, far from defeating President Gorba-chev's perestroika the Soviet parliament will almost certainly advance it by insisting that structural measures must precede price reform. If the Supreme Soviet goes further and instructs the President to implement reform measures by decree, the episode of the failed Ryzhkov plan may turn out to be another of Gorbachev's

Travails of the Tunnel link

THE story of the high-speed railway from London to the portal of the Channel Tunnel is be needed by 1998. The problem is that the new rallway does not look very profitable, when the cost of insulating residents from the noise of the trains is added to the cost of inserting a new railway into a densely populated corner of England. The private sector partners of British Rail in this venture - Trafalgar House and BICC - have been trying to devise schemes which would make their investment more attractive without requiring a direct subsidy from the state, which the Government is barred from giving under the terms of the Channel Tunnel Act, and which it has said many times it will not provide. The Government's rejection of subsidies for this project seems correct. The main bene-

ficiaries from an improved rail service would be the users and it should be financed out of the fares they are expected to pay: the time-saving of 30 minutes that it would provide should attract more passengers and permit higher fares. Claims that the proposed line would produce large external benefits by diverting traffic from con-gested roads are exaggerated; the main competitors for passenger traffic are the airlin The impact on freight is likely to be insignificant.

Foreign practices provide less support for a subsidy than often suggested. French rail-ways (SNCF) are expected to earn more than 8 per cent on their investment in high-speed lines and have forecast a return of 9 per cent on their share of the international network linking Paris, London, Brussels, Cologne and Amster-dam. The first French high-speed line to Lyons is expected to achieve a 12 per cent return. SNCF is also expected to finance these new lines by borrowing at commer-

Sacrifice cash

The judgment British ministers need to make is whether the deal proposed by Eurorail represents a genuinely commercial proposition or could be modified to become one. They cannot postpone a decision much longer, however attractive prevarication may seem,

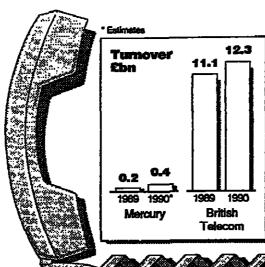
requires government to sacri-fice cash in the short term for payments or savings in the longer term: the investors in the line wish to reduce their borrowing requirement, which is a heavy burden at present rates of interest. Hence they wish to run BR's Channel Tunnel services from the time the tunnel opens in 1993, leasing the assets employed; to take responsibility for the loan of some £1.1bn that BR will receive from the Government to finance improvements to this service but to have interest rolled up until the loan is repaid; and to receive a payment of £300m-£400m for half the capacity of the new line, so BR could use it for its commuter services.

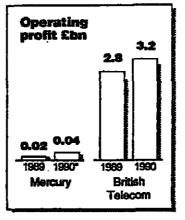
Fixed-price contracts

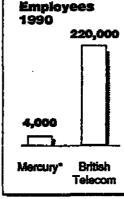
If costs exceeded estimates three shareholders would first seek more funds from the banks; if more equity was required, the shareholders would have the option, but not the obligation, to contribute. BR would not, therefore, have to pay more. Eurorail hopes to avoid cost over-runs, which are less likely than on the tunnel itself, by using fixed-price con-

tracts for much of the work. This package could conceal a subsidy if the interest rate on the loan was less than the Gov-ernment would have been charging BR, discounted for the delayed payment, and if half the capacity on the new line was worth less than £300m-£400m to BR.

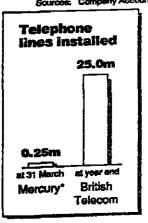
Thus the acceptability of this package could be judged by the existence of any subsidy in these two conditions and by the extent to which the public sector was protected from any risk of increases in cost. But BR cannot be wholly insulated from the success or failure of the project when it would hold 40 per cent of the equity. If ministers wanted to eliminate all risk to the public sector from this scheme they would have to eliminate all BR's interest in it; risk-sharing partnerships between public and private enterprises can create more problems than they are supposed to resolve.

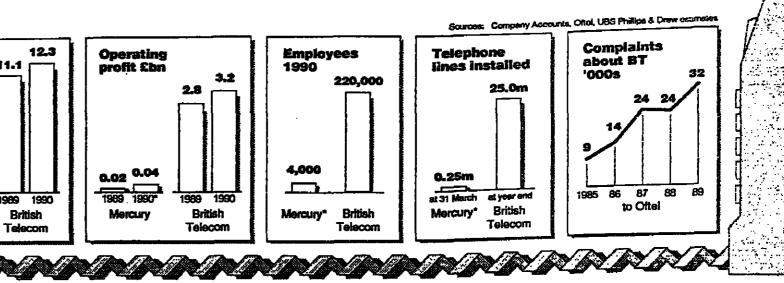












Telecommunications is the focus of a far-reaching review, says Hugo Dixon

Scrutiny all along the line

he single biggest disappoint-ment of the Government's ambitious telecommunications policy has been the failure to break British Telecom's monopoly of the basic phone service. Six years after BT was privatised, its rival, Mercury Communications, still has less than 5 per cent of the market share and only 1 per cent of the customers, many of them concentrated in the City of London.

It is against this background that the Government is gearing up for a far-reaching review of telecommunications policy. Although the review offi-cially begins in November, work has already started at the Department of Trade and Industry to produce a green paper this autumn.

The package of telecommunications reforms from the mid-1980s, which was pioneering at the time, has had some notable successes in areas outside the basic service. There are five times as many users of cellular phones in Britain as in West Germany or France, equipment prices are low and the UK has a rich diversity of data services.

But most ordinary customers still have no choice but to rent their lines from BT. Without effective competition for the basic phone service, BT's vast organisation sees little need to reform itself, despite countless attempts by its top executives to instil a more entrepreneurial spirit.

Improvements in the quality of phone service have consequently been slow. Although BT has improved its service from its level three years ago, customer expectations have shot up, bringing numerous complaints to the Office of Telecommunications, the industry watchdog.

The main concerns are that BT does not treat its customers courteously and efficiently and that, in disputes, it has the upper hand because it can threaten to cut people off.

There are two reasons why competi-tion in the ordinary phone service has failed to develop as quickly as in other parts of the market. The first is that BT has used its power to slow down Mercury's progress. For exam-ple, the smaller company has only recently been able to market its ser-vices across the country because of interconnection disputes between the two groups. The second is that the Government has moved only halfway along the road to a free market in

Instead of allowing anybody to enter the market, it has developed a system of licensing by "magic num-

vices, cellular, satellite and so on decides how many companies should play in each bit and then picks the players. The result is that entrepreneurs who would like to get into the market or expand their activities are

kept out by regulatory barriers.

The most important barrier is that nobody apart from BT and Mercury is allowed to provide hasic phone ser-vices. This policy will come to an end when the review that begins in November is complete. Other questions need to be answered.

 Should the market for long-distance and international calls be opened up to new competitors? This would exert downward pressure on prices, cutting the monopoly prof-its now earned by BT and Mercury. BT's profit margin on international calls is about 60 per cent. The counter argument is that new players would target Mercury and fight among themselves, leaving BT in an even stronger position, although this is not borne out by the experience of the US where anybody is free to enter the long-distance market.

Possible new players include Racal, the UK electronics group which runs the highly successful Vodefone cellular network; British Rail, which already has 2,000 kilometres of fibre-optic cables laid along its tracks, giv-ing it a network almost as large as Mercury's; and US telecommunications groups anxious to expand inter-

 How can a competitive market for local calls be created, given that Mer-cury has effectively given up compet-ing in this part of the market? The Government is pinning its hopes on three new technologies - personal communications, cable television and satellites - but the restrictions governing their exploitation will probab need to be relaxed if they are to challenge BT seriously.

Last year, three consortia were licensed to provide personal communication networks (PCNs), an advanced form of mobile communications using pocket-sized handsets.
They comprise powerful shareholders such as British Aerospace, Motorola of the US and Pacific Telesis and US West, two of the "Baby Bells" created as a result of the break-up of AT&T. Each consortium intends to invest about £1bn - roughly what Mercury has invested - and to start offering ervices in 1992.

PCNs are intended to compete both with the existing cellular networks run by BT and Racal, and with BT's radio links and would not need a BT

cable running into their homes.

Cable TV companies might also set up rival local services by offering telephony over their cables - currently they can only do this if they co-operate with BT or Mercury. And seven satellite companies, granted licences in 1988, might provide a way round BT's bottleneck if they were not restricted to carrying one-way traffic.

Should BT be allowed to transmit TV over its network? BT has lobbled the Government hard for this privilege, arguing that if cable TV compa-nies are allowed to carry phone calls, it should be able to transmit TV programmes. A further argument is that there are considerable economies of scale in combining TV and telephone services over the same network and this could make it economic for BT to start putting fibre-optic cables into people's homes — something the Labour Party has campaigned for. Others say that such freedom would

The Government will face intense lobbying from Mercury and BT to protect their positions, and may feel it has some responsibility to their shareholders since it created one and privatised the other

give BT a monopoly in TV distribu-

tion to add to its monopoly in tele-phone calls. Cable TV companies which have recently received prom-ises from investors of about £4bn to build their networks, much of it from the Baby Bells — would be driven out of the market. The snag is that the record of the cable TV companies has not been great they have fewer than 100,000 TV customers between them.

The answer may be to have a com-petition between BT and the cable companies, giving each an incentive to roll out its services as quickly as possible. BT might be allowed to carry TV in those parts of the country where cable TV is not already established, with the situation being reassessed after, say, five years.

• How can BT be prevented from abusing its dominant position and sti-

One idea is that all long-distance and international operators should restrictions

fling competitors?

have "equal access" to customers over BT's local network - a method used with considerable success in the US and Japan. At present, customers have to buy a Mercury phone and press a special button if they wish to use Mercury's network. Otherwise, they are automatically routed over BT's, meaning there is transactions. BT's, meaning there is tremendous

inertia favouring the larger company.
With equal access, users would dial
one code if they wished to use BT for long-distance calls, another for Mercury and yet others for any new competitors. The only place in the UK with such a system is Hull, where the local council runs the phone network. In the past two years, Mercury has built up 45 per cent of outgoing traf-

Another idea is that BT should be forced to restructure itself with each of its businesses operating as separate subsidiaries and any transactions between them being on an arms-length basis. This would limit the extent to which BT could give unfair

advantages to its in house operations.

When BT was privatised, the Government rejected breaking it up on the lines of AT&T because it thought this would take too much time. However, measures to enforce greater transparency between its businesses could be almost as effective. This is the tack now being pursued in Japan following the decision earlier this year not to break up Nippon Tele-graph and Telephone for at least five

 Should there be a social subsidy to keep down the cost of making tele-phone calls in rural areas and how should this be financed? BT is still required to provide universal service across the country and claims that it subsidises local services to the tune of more than £1bn a year, putting it at a competitive disadvantage to Mercury and any new players who do not have

such obligations.

It would clearly be fairer to share any social subsidies between all players in the market. The problem is that BT has never produced evidence to back up its claims about cross-subsi-dies and observers think its estimates are wildly exaggerated - something given credence by the fact that it recently reported operating profits of £2.3hn for its UK network in the year to the end of March.

 Should the airwaves be anctioned off to the highest bidders rather than being allocated by administrative diktat? And should companies be free to use them as they think fit, instead of being hemmed in by complicated

Radio waves are an important resource for anybody building a modresource for anybody outning a mot-ern communications network and, in the fast growing field of mobile com-munications, they are essential. By its nature, however, the radio spectrum is finite. If the Government is keen to introduce more competition in telecommunications, it is important to launch a free market in the airwayes. One way of doing this would be via an auction, a policy which has been pio-neered in New Zealand.

• How well has the Office of Telecommunications performed as a watchdog? Although Sir Bryan Carsberg, its director general, is highly regarded, his decisions are taken behind closed doors with the result that the regulatory process is not open. The best way of dealing with this problem would be to require Oftel to publish the information on which it. makes its decisions in much the same way that the Federal Communications Commission, its US counterpart, does.

• Is BT modernising its network as quickly as it should? Some observers argue that it is being sidetracked by its ambitions to become a global telecommunications operator and, as a result, is failing to invest sufficiently in the UK. A more modern network would also help rivals to interconnect with BT, enhancing the prospects of effective competition.

BT points out that its annual investment has doubled to £3bn since it was privatised, but others say that its target of replacing old-fashioned exchanges with digital ones by the early years of the next century is undemanding. A precedent for action comes from Japan, where NTT recently brought forward by six years to 1005 the terror for modernicing its to 1995 the target for modernising its network and promised to introduce a range of new services following government pressure.

Answering all these questions will complicated, particularly as many of them are inter-related. The Government will also face intense lobbying from Mercury and BT to protect their positions, and may feel it has some responsibility to their shareholders since it created one and privatised the

Nevertheless, the Government should not lose sight of the fact that the UK's future economic prospects will be greatly helped by cheap and high-quality telecommunications services. Its first round of liberalisation has enhanced Britain's position as the financial capital of Europe. There is a strong case for pushing liberalisation

The state of the s

The perfect toaster

■ Edward Cory is trying to produce the perfect toaster: no crumbs, no burning and generally idiot-proof. If he suc-ceeds, it will be on the market

by the second half of next year. To be more specific, Cory presides over a team all working to the same end. Cory is the managing director of Rus-sell Hobbs Tower, the consumer electronics company now owned by Polly Peck. The company has been through bad times, but may be about to return to profitability partly by continuing to rely

on the Russell Hobbs name Bill Russell and Peter Hobbs were among the British entre-preneurs of the early 1950s. They brought out the first fully automatic coffee pot with an in-built keep-bot device and followed up with an automatic

In the 1960s they were taken over by Tube Investments, as was an older company called Tower, which made pots and pans in Wolverhampton and moved on to the non-stick stuff that now adorns most kitchens. TI, however, did not seem to take much interest, came to regard them as non-essential businesses and sold them to Polly Peck for £12m in cash at the end of 1986. Cory was brought in from outside to turn

them round last year. He has a simple philosophy. He thinks that most of the equipment that will ever be used in the kitchen has alread been invented - like the microwave oven - but that the best of available technology has not yet been applied

For example, it must be possible to produce a toaster that does not have a crumb problem, that takes account of the different textures of bread and makes allowances for people who press the button too hard. Much the same goes for the coffee machine. In the automobile or aviation industry, Cory says, there are all sorts of

OBSERVER

built-in devices that override human error, and the knobs don't always fall off. So if Cory succeeds, the perfect toaster may shortly be with us. It may be accompanied by a waking up sound, and a perfect coffee-maker, all making for the perfect start to the

day. One of the secrets, says Cory, is that the Russell Hobbs name continued to be respected even when the company was in difficulties and Polly Peck is now acting as the perfect investment banker.

Score draw

■ While England played Ireland in the World Cup in Cagliari on Monday, Peter Brooke, the Northern Ireland Secretary, was discussing plans for talks on the future of Northern Ireland with Gerry Collins, the Irish Foreign Min-

There was, Brooke said afterwards, some "communal view-ing" of the match, but at about 9 pm the talks came to a close and Brooke went to brief the press. "The score at half-time was 1-0," he said. "That seemed to be rather a good moment on which to break off." Clearly he reckoned without Irish staying power.

Meanwhile, watching at home, I noted the comment of the English commentator: "Our back four lack moral courage." It reminded one of a what a Japanese newspaper once wrote of the country's emerging rugby team: "We still don't have enough of the kamikaze spirit to win.'

Japanese toys

■ Here is an early warning. Clackers, the clicking plastic balls on a string which made such a noise for a few months in the mid-1970s, will soon be back, redesigned but no qui-



"Ich bin ein Lithuanianer."

Tsukuda, the Japanese toy maker, has unveiled its new version at the Tokyo Toy Fair. This is one of the best opportu-nities for the trade and young customers alike to try to spot the next Teenage Mutant Ninja Turtle before it becomes a craze. On the final day it opens its doors to the public regard-

less of age. Tsukuda's new Clackers abandon string in favour of triangular plastic mounts, perhaps to overcome the safety objections which dogged the old model. The correct wrist action sets the balls clicking in rhythm, a talent which eludes most adults. Many Christmas lists will

also feature the Typhoon radio-controlled hovercraft from Taiyo, best known so far for its toy racing cars. It operates on land or water. There is, too, a proliferation of variants on Flower Rock,

a battery-operated potted prod-

music or noise, if you can tell the difference. The ideal Japanese toy, however, appears to be both cuddly and battery-operated. Iwaya

uct which sways in time to

offers spinning, padded beer cans as well as a padded alarm clock which is silenced with a blow from a padded mallet. Perhaps it is better not to ponder the connection. On the safer side there is

a set of wooden vegetables from Hanayama Toys. The slices of carrot and radish are held together with velcro, but can be easily separated with a child-sized wooden cleaver.

Trump's boat

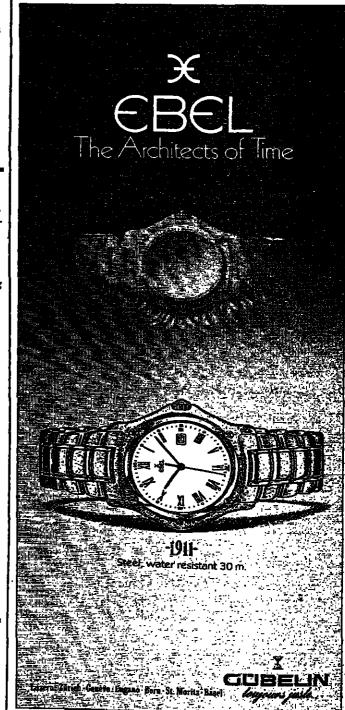
■ The Trump Princess, the luxury ocean-going cruiser belong-ing to Donald Trump which once graced harbours around the world, is now sitting in the grey waters of Tokyo Bay. Moored among the warehouses of Harumi Island, it is awaiting inspection by would-be buyers withing to bid somewhere near the asking price of \$115m.

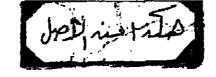
Trump, who had some difficulties in satisfying his bank-ers' concerns about his financial position, put the vessel up for sale earlier this year before the extent of his problems became known. There was some talk that it would be sold in Hong Kong.

Mitsubishi, the trading com-pany, is now handling the sale. It said yesterday that several Japanese had expressed inter-est in buying. The cruiser was built in Italy in 1980 for a Mid-dle East sheikh before it passed into Trump's hands in 1987. He had it fitted with eight staterooms, as well as a salon, a dining room, a library and a beauty parlour. It can carry 22, is 86 metres from stem to stern and 13 across the bows. Mitsubishi's telephone number is Tokyo 210-2121.

Exposed ■ What's the difference

between the SIB, Fimbra, the DTI and an umbrella? With an umbrella, at least you get some protection.





How gold is losing its lustre

hy did the National Commercial Bank of Jeddah dump up to 100 tonnes of gold on the London bullion market recently don button market recently, causing immense psychological damage and helping to drive down the price to the lowest level for nearly four years?

That is in US dollar terms.

The gold price is at a 10-year low point when measured in Swiss and West German currencies, while in the Japanese yen the price is only slightly above the 10-year lows seen

Nearly half the gold production from South Africa, the world's main source, is unprof-

itable at present prices.

The same would probably be true of much of the Australian and North American industries except that many producers in those countries sell gold forward when prices are buoyant. The Saudi Arabian selling "may well do for the gold mar-ket what the October 1987 crash did for equities," sug-gests Mr Huw Williams, an analyst with Kleinwort Benson

The gold market is notoriously difficult to penetrate and rarely yields straight answers to straight questions. Instead, there are several theories to explain why gold has descended into its current mal-

fact is a matter of fact is that the gold price, which had been steadily falling for nearly two years, last September staged a rally which had analysts almost universally insisting that the bear market had hearn which would conhad begun which would con-tinue through 1990 and 1991, spurred on by a weaker US dollar, falling interest rates, rising oil prices and higher inflation worldwide.

Having rallied from last autumn's low point of US\$360 a troy ounce, the gold price peaked in February at \$425.50, the highest level for 14 months. But it could not hold that level. At about \$420 an ounce the price was held back by the weight of selling, including forward sales by Australian and north American gold producers who rushed to lock in certain

Speculators, whose activities provide the price volatility which is meat and drink to the bullion traders but who prefer a rising gold price, had been tempted back in by the prospect of the price moving towards \$500 an ounce. They drifted away in disappointment when the price would not go

Kenneth Gooding looks at the effect of Saudi Arabian selling

above \$425. Contrary to their expectations, rising world interest rates, a strong US dollar and fears about extra gold sales by the Soviet Union, the world's second-largest produc-ing country, also helped gold's price move lower.

Then on Monday March 26 came the first of two days that London bullion traders will

never forget.

Every trading day the five members of the London gold market meet at 10.30am and 3pm in an upstairs room at the offices of N M Rothschild in St Swithin's Lane in the City and by means of a single direct line to their own trading rooms "fix" the price.

Anyone, anywhere in the world, has access through a broker to the London fix and

can take part for any amount.
The fix offers a certain opportunity to buy or sell very large amounts of gold.

Consequently, the London fixing is the benchmark against which a great deal of the world's real, physical gold business is transacted.

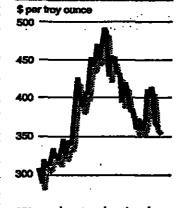
At the merging fix on March At the morning fix on March

26 the National Commercial Bank of Jeddah sold and sold. It sold at least 50 tonnes, per-haps 100 tonnes, of gold. That day the gold price plunged by \$20 an ounce to \$368. The Saudis took sterling in exchange for their gold - at least \$500m-worth. The impact pushed up the price of the UK currency as the gold price col-lapsed. The international gold market was stunned and, once

it recovered, was left feeling

Gold price

very nervous.



1965 86 87 88 89 90

On May 23, two months later almost to the day, the National Commercial Bank of Jeddah moved again. During the morn-ing London fix the five dealers were quickly able to find buyers for the first nine tornes of Saudi gold but, when the selling continued, buying dried up. The fix went on and on - for

2hr 26 mins - to become the

London price. "Possibly, in anticipation of this premium

being eroded, some stocks in Duhai were off-loaded into the market," says Ms O'Connell. The second Saudi "hit," she

suggests, involved some of the speculators who had joined in the first sale having another go at driving the price down to

Some analysts go for more simple explanations. Mr Andy

Smith of UBS Phillips & Drew

suggests: "It could be some-

suggests: "It could be some-thing as simple as that the sell-ers believed the gold price would not go much higher than \$377, so they sold because gold bullion pays no interest." Market conditions were ripe for any speculator wanting to drive down the gold price. Apart from the lack of specula-tive interest in gold. "olyvsical

tive interest in gold, "physical demand is absolutely lousy," according to Mr Edwin Arnold, a vice-president of Merrill Lynch International, Stocks

Lynch International. Stocks held by jewellery fabricators, who account for about half of all gold consumption, are comparatively high in Europe and the Middle East — perhaps 200 tonnes is overhanging the market — while retail jewellery

sales in the important US mar-ket are singgish, he points out. Mr Arnold warns that the

sellers who pulverised the gold price in March and May will attempt to make it collapse

even further. However, as Mr Jeffrey

been pleased to see the metal's price fall so sharply. "The National Commercial Bank has

important ties to the central bank and the royal family, so much so that a word from the

authorities could guarantee there are no further disruptive

dealings."
Meanwhile, the outlook for

their own advantage.

longest in living memory.
onsequently, when New York gold traders woke up and turned on their screens first thing in the morning, the London fix was still in progress. Near-panic set it in as they grabbed their teleas they grabbed their telephones to ring London. "I have
never known the price to fall
so far so fast," says Mr Michael
Spriggs, an analyst at Warbung
Securities.

A far lesser quantity of gold
was sold by the Saudi bank on
May 23, about 15 tonnes, and
the price fall was not so great

the price fall was not so great
- \$11 an ounce on the day to take the gold price down to \$364. But the effect was to confirm the bear trend and to send the price steadily towards the psychologically important \$350 an ounce level.

Why did the Saudis sell so

much gold? Some suggest that the National Commercial Bank might have been selling gold for the Soviet Union which needs money quickly to help it try to meet its debt repay-

the compliant Saudis might have been helping the US Gov-ernment, which wanted to devalue gold and thus make the dollar the "safe haven" for international investors' money. Many analysts link what happened in the gold market to the fact that a few days after May 23 Saudi Arabia sharply cut its oil price, an action which threatened to start an oil price war. Lower oil prices are a light threatened to start an oil price war. I was a light threatened to start an oil price war. I was a light threatened to start an oil price war. I was a light threatened to start an oil price war. I was a light threatened to start an oil price war. I was a light threatened to start an oil price was a l ease inflationary pressures and this, in turn, tends to send the

meanwhile, the outlook for gold producers is gloomy indeed. As Phillips & Drew's Mr Smith says: "Having been hit by a truck laden with Middle East gold, the market will take a long time to regain its gold price lower. Ms Rhona O'Connell, at Shearson Lehman Hutton in London, is among those who suggest that the March 26 sales rhythm. Private and institutional investors are sulking, confidence lost. Producers are lamenting missed opportuni-ties to lock in prices above \$400 am ounce and will sell impawere sparked by an announce-ment by the Indian Government the previous week which implied gold would be freely imported to India for the first tiently any time the price ral-lies. It may take a crisis in South African production time since 1962. Restrictions on imports have created a sub-stantial gold black market in India and Bombay prices fre-quently show a premium of

Hugh Carnegy on reaction to Israel's new coalition government

ith talk of war sup-planting invocations of peace as the rhe-toxical currency of the day in the Middle East, Israel has now provided fresh fuel for the fire. On Monday night, the Israeli Parliament approved - despite anguished protests from its opponents – a government dominated as much as any in

Israel's 42-year history by the uncompromising right wing.

The new coalition could hardly have been more calculated to exacerbate rising ten-sions in the Middle East. For all the insistence of Mr Yitzbak Shamir, now leading his fourth Government, that the coalition is committed to peace, its pol-icy positions and his own statements offer precious little prospect of that.
Mr Shamir told Parliament

the coalition would study new measures to crack down on the measures to crack down on the intifada, the 30-month-old Palestinian uprising in the occupied territories. Its policy guidelines enshrine the central obstacles to peace talks; the "eternal" claim of Israel to hold and settle the occupied territories; refusal to negotiate with the PLO "directly or indiwith the PLO "directly or indirectly"; and refusal to allow Jerusalem Arabs to join any election process.
... "The Government does not

bear the message of peace and it does not possess the ability to make peace," declared a despairing Mr Shimon Peres, leader of the Labour Party.

The underground leadership of the autifada called it a "ter-Nichola, managing director of the American Precious Metals Advisers consultancy organisa-tion, points out, the Saudi Ara-hian Monetary Authority and the Saudi royal family, holding significant gold reserves and investments, might not have heen pleased to see the metal's rorist government"; Palestinian leaders promise to meet tougher security measures in the West Bank and Gaza with tougher resistance; main-stream figures fear that extremist groups will step up pressure for the use of

firearms.

It is the coalition's composition that arouses alarm. For the first time since 1984, the Labour Party, which advocates territorial concessions to the Palestinians, is excluded from the Government. Instead Mr Shamir's Likud Party has constructed a coalition with four religious parties and two parties of the extreme right. The latter are Tehiya and

The latter are Tehiya and Tsomet, both of which want annexation of the West Bank and Gaza Strip. The leader of Tsomet is Mr Rafael Ritan, Chief of Staff during the 1982 invasion of Lebanon, whose most-quoted utterance was a reference to Palestinians as reference to Palestinians as cockroaches. In addition, Mr Shamir relies for his majority in the 120-seat Knesset on the votes of the two-man Moledet Party which advocates "trans-fer" - expulsion - of Arabs

Fuelling the fires of alarm in the Middle East



from the occupied territories. Just as significant is the shift in the balance of power within Likud towards Mr Ariel Sharon, the man behind the war in Lebanon who was forced to resign as Defence Minister over the massacre of Palestinians by Israel's Chris-tian militia ally in Beirut's Sabra and Chatilla refugee

camps.
Mr Sharon has steadily clawed back much of his lost

Mr Moshe Arens, the former Foreign Minister. But Mr Sharon has been given the Housing Ministry and overall control over immigration. This could prove explosive as Mr Sharon is a strong advocate of Jewish settlement of the West Bank and Gaza. Palestinians fear he will favour settling many of the Soviet Jews now pouring into Israel in the occu-pied territories, an issue of huge sensitivity in the Middle

It is the coalition's composition that arouses alarm. For the first time since 1984, the Labour Party, which advocates concessions to the Palestinians, is excluded

he along with Mr David Levy, the new Foreign Minister, and Mr Yitzhak Moda'i, the new Finance Minister, formed the so-called "constraints minisblocked any progress towards peace talks with the Palestinians based on proposals made by Mr Shamir and backed by

In a striking admission of their own weakness within the party, Mr Shamir and several of his allies, such as Mr Moshe Nissim and Mr Ehnd Olmert, have repeatedly said in public they would have preferred another broad coalition. But the balance of forces prevented them from forming one.

Mr Shamir balked at giving Mr Sharon back the Defence Ministry, which goes instead to

then. "It's a Sharon Government...He's the one who led us to the Lebanon war and who'll lead us now to the end of the peace process." Labour's current despair is all the more acute because of what might have been. It

Mr Yitzhak Rabin, former Labour Defence Minister, com-pared the new Government to the Likud coelition of 1981-84 and predicted Mr Sharon

brought down the old coalition because Likud refused to accept terms proposed by Mr James Baker, the US Secretary of State, for starting talks with Mr Peres believed he could put together his own narrow coalition and proceed. But he fatally misselected by

fatally miscalculated the ment of the state".

whims of the religious parties and handed the initiative to Mr Shamir. He now faces a chal-lenge to his leadership from Mr

Mr Shamir, meanwhile, will face a struggle to sustain his tiny majority in the Knesset. Assuming he can do so, he has set the huge challenge of absorbing the Soviet immigrants as his first priority (cynically brushing aside the growing public clamour for

This inevitably leads back to Israel's external relations. The country's recession-hit economy is in need of foreign assistance to cope with the Soviet influx. This does not mean just US aid - which is not immediately at risk despite strains with Washington - but also expanding trade with the European Community, by far Israel's largest trading partner. EC objections to Israeli policy are again threatening to spill over into trade and other issues, as they did in 1987 when the European Parliament voted to hold up a trade deal in

protest at Israel's refusal to allow direct Palestinian exports of agricultural goods. The pivotal issue, therefore, remains the "peace process"; by the same token, a pivotal figure will be the new Foreign ngire win be the new Foreign Minister. Mr Levy, the country's most prominent Sephardic (oriental) politician, does not speak English – although, intriguingly, he does know Arabic, having spent the first 20 years of his life in Morocco.

As Housing Minister in the previous Government, he was involved in funding a recent Jewish settlement in the Christian Quarter of Jerusalem's Old City, a move which caused worldwide protests. But Likud insiders say he

may cause surprises. He is ambitious to beat Mr Sharon to the Likud leadership. To do so, the needs to make his mark in the Foreign Ministry and can only do that by patching up Israel's image. In the past he was regarded as a pragmatist, backing the peace agreements with Egypt and voting alone among Likud ministers to withdraw from Lebanon in

Some commentators see in him the chance of reviving peace efforts. Washington will certainly give him every help it can if he shows willing. The alternative, according to Yediot Achronot, the country's biggest-selling daily, is that the Government will "embarrass the best of our friends and create around us a ring of isola-tion the like of which we have not known since the establish-

Why the tunnel rail link Flaw in Prague's privatisation should be backed

From Mr Stephen Joseph.
Sir, This week, the Cabinet expected to decide whether to give any public funds towards the Channel Tunnel

Press comment and leaks have indicated that funding will be rejected. If so, this will not just doom or delay the con-struction of extra rail capacity to the tunnel; much more is at

In softening up public opin-ion for this decision, ministers have sought to downplay the importance of the tunnel, claiming that only 6 per cent of UK trade by volume in 1993 will be able to use it. The trade figures used for that calcula-tion include bulk fuel from the Shetlands and trade with the US and the Middle East. In fact, the tunnel is forecast to take 17 per cent of non-oil trade between the UK and Europe, or 30 per cent of uni-tised freight. The question is, is this traffic to go to and from

the tunnel by road or rail?
It is clear that, without any rail link, the rail capacity available in the south-east for freight and passenger traffic will soon be filled up, even if Eurotunnel forecasts are overoptimistic. This means that the already congested road net-

work will have to cope with further traffic, adding to the congestion costs that industry already bears and worsening the environmental problems caused by road traffic. This congestion, and the lack of

good rail links, may also affect the economy in regions outside the south-east.
The Government is using this congestion as a justifica-tion for building new roads in the south-east — a widened M20 and A20, a "Home Counties orbital" outside the M25 and possibly a Kent-Hampshire motorway - all of which will create great environmental damage. In contrast to the rail link, these roads to the tunnel are deemed to be in the wider public interest; they will be built with public money under

government direction. The Government has a choice - to continue these double standards and thereby add still further to road traffic, or to use the potential of the Channel Tunnel and transfer freight and passenger traffic away from roads. The national interest seems clear. Stephen Joseph. Executive Director.

Employers must be educated on the need for training

Prom Mr Mark Corney.
Sir, Michael Prowse's article ("Training is for people," June 11) perpetuates the age-long myth that it is not in the interest of most employers in the UK to offer training to their workforce.

Yet our poor economic performance is a direct result of the fact that companies in the US, West Germany and Japan do see investment in adult training as in their long-term

self-interest. Market forces have been an inadequate mechanism through which to illuminate this self-interest to employers in this country, but to pin our hopes on empowering individuals to invest in training is terribly misguided. The attitudes of employees are important, but nothing short of a massive "education programme" for employers is needed.

If Britain wants to attack the root cause of the training malaise it should do three things: • Endeavour to raise the number of managers studying for a managerial qualification; • Give smaller companies greater access to consultancy services through the Business Growth Training Scheme; Above all, ensure that every young person up to the age of

18 has access to education or training. Once employers have some faith in the schooling system, as they do in Japan, or in the vocational training system, as they do in West Germany, employers are more than willing to invest in training for

Mark Corney, Campaign for Work,

Annexe B, Tottenham Town Hall Town Hall Approach Road, N15

favoured some years ago by Samuel Brittan, the Czechoslovak privatisation plan, out-lined by John Lloyd ("Prague plans mass sale of state indus-try." June 9) will result, at least initially, in "general citizen" ownership.

The scheme, which according to Mr Lloyd's report is the

brainchild of Mr Dusan Triska, of the Czechoslovak Finance Ministry's Privatisation Department, would score highly by the yardstick of democratic and egalitarian virtues. Indeed a similar scheme for privatisation has been advocated in this country by no less a figure than Dr David Owen. On the other hand general citizen small shareholders are

no more likely than the famil-iar small shareholders of the West to have either the knowledge or the means to exert a positive influence on the performance of the companies in which they hold shares. Except perhaps when a takeover is in the offing, they will function as little more than the passive

The great virtue of employed share ownership is that it carries with it at least the possibility of exercising a pos influence on business perfor mance. Any privatisation scheme which neglects to encourage it will therefore necssarily forgo its potential ben-

However, it should not be beyond the wit of Dr Triska to modify his "general citizen" ownership to introduce, or at least make possible, a signifi-cant measure of employee ownership as well. That could be achieved if the employees in a company to be privatised were granted priority access, up to a reasonable limit, to the shares of the company for which they

In this way it should be pos-sible to combine the egalitarian and democratic virtues of "general citizen" ownership with the potential efficiency virtues of employee ownership Robert Oakeshott, Executive Director, Job Ownersh

Balanced and effective boards

From Mr Hugh Parker. Sir, John Plender's article ("The limits to institutional power," May 22) and your editorial comment on the same day ("The role of shareholders") are timely reminders of an important factor affecting the performance of many UK

The key issue is this: in a capitalist economy how can the absentee owners of public companies (shareholders) whether individual or institutional - make sure that the professional managers they employ are fulfilling their basic function of maximising shareholder value?

It is well known that the annual opportunity for small shareholders to voice their concerns at the annual general meeting is, for all practical purposes, a charade. It is equally well known that the institutional shareholders with potentially more clout are reluctant, and in any case illequipped, to intervene directly except in the most dire circumstances. So what can be done, short of the threat of takeover, to keep managements up to the

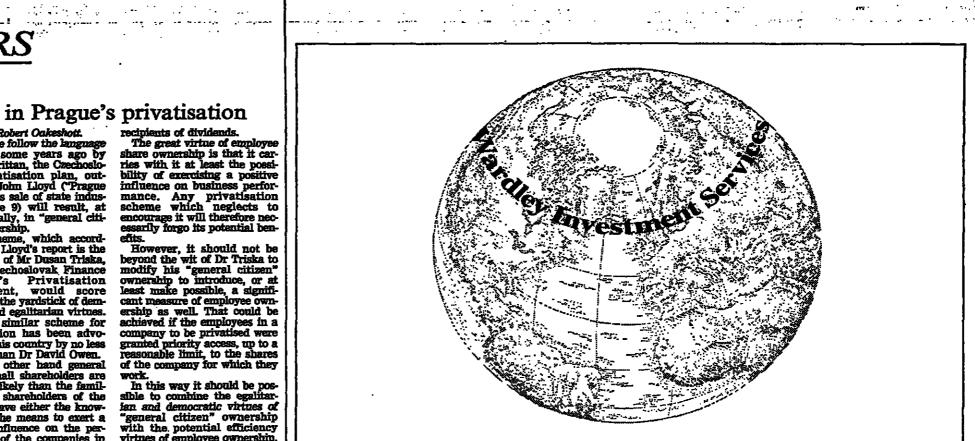
accountability from management to ownership is too slack" and goes on to say, also correctly, that "institutional intervention works best through well constructed boards of directors." Unfortu-nately too many UK public companies still do not have well constructed boards with the result that they consistently underperform against normally acceptable criteria.

The essential ingredients for a balanced and effective board

• Either a full-time executive chairman, or a strong part-time chairman teamed with a full-time chief executive; Not less than three informed and stoutly independent non-executive directors; A more or less equal num.

ber of executive directors. Such a well constructed board may not be easy to achieve, but since it is the key link in the "accountability chain" the institutions should concentrate their influence on establishing such boards and particularly on the second ingredient, the non-executive

Hugh Parker, Your editorial comments correctly that "the chain of 24 Fitzroy Square, W1



Wardley Investment Services ranked top international performer

But don't just take our word for it. Take a look at BARRON'S, one of the most respected financial journals in the United States.

In an annual survey published on 9 April in conjunction with Nelson Publications, BARRON'S ranked the performance of global investment managers over the past 1, 3 and 5 years.

Their findings show that Wardley Investment Services was ranked the top international equity manager in 1989 and was also ranked top over 5 years and

second over 3 years among non-

US based managers.

The Wardley Investment Services group provides comprehensive and professional investment management services to corporate and private clients from its offices located in all major financial centres worldwide.

To find out how you can achieve top performance for your portfolio, call Miles Buckinghamshire in London on 071 955 5050

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erformance is not necessarily a guide to forme performance. The Nelson's survey published in Barroa's considered the investment mance of Wardiey Investment Services (Hong Kong) Limited, part of the Wardiey Investment Services group of which Wardiey ment Services International Limited is also a member. Wardiey Investment Services International Limited is a member of IMRO.

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Your international

Lucy Kellaway in Luxembourg reports on a landmark agreement for Europe

NEVER can Mrs Christiane Scrivener, the EC Commis-sioner for fiscal affairs, have enjoyed herself quite so much as on Monday evening in Lux-embourg. In a hideous modern building just off the motorway, she witnessed something she had never seen before — and something that none of her tradecessors had some either predecessors had seen either: an agreement by finance minis-ters on direct taxation.

Admittedly, the substance of Monday's agreement was fairly slight: the three directives will remove some of the tax wrin-kles that arise when companies do business in more than one country. Still the fact that finance ministers had been discussing them on and off for the last 21 years without making any progress, shows the extent of the triumph.

Champagne was being drunk yesterday lunchtime at Unice, the association of big European companies, which have been urgently calling for agreement for two decades. Unice said that the measures would make it easier for companies to do cross-border business. To get

Rushdie

edition

halted

in London

paperback

By Raymond Snoddy

PENGUIN Books was on the verge of publishing a paperback edition of The Satanic Verses, the controversial novel by Mr Salman Rushdie, but decided to abort the plan last month to avoid any chance of jeopardising the release of further hostages in Lebanon.

A paperback edition of the book, which has damaged relations between the UK and parts of the Moslem world and led to the imposition of a fatana or death sentence on its

or death sentence on its author, was scheduled for pub-

lication in the UK at the begin-

ning of June. Penguin had thought that

the Rushdie issue was begin-ning to calm down and that it

The factor which changed

PENGUIN Books was on the

agreement, an increasingly desperate Mrs Scrivener had applied every pressure to ministers. She had threatened to take the matter up with heads of state at the forthcoming EC meeting in Dublin, if finance ministers did not agree.

She had pointed out frequently that unless the mea-sures were agreed, companies would be penalised for doing business in more than one member state - contrary to the very principle of the single

The chief problem was that West Germany refused to drop its withholding tax on divi-dends paid to a parent com-pany in another member state. As the directive - like all tax matters - needed the support of everyone, it seemed stuck

The compromise agreed on Monday showed some willingmonday showed some wining-ness by everyone to move. West Germany was persuaded to drop what had until then been an unbending veto on the directives, while the other 11 (especially the Dutch which have large subsidiaries in Ger-

FULL German political unity by the end of the year looked likely last night after the rul-ing Christian Democratic Party

in East Germany called for all-German elections in December. The decision by the Parlia-mentary grouping of the East Berlin Christian Democrats

puts further pressure on the two German states and their international partners to agree

speedy terms on the military status of a united Germany, including the question of Nato

membership.
The vote by the East German CDU, backed by Liberal deputies in the Volkskammer

(Parliament), was welcomed last night by the governing conservative parties in West

Germany.

Previously, the coalition government of Mr Lothar de Mal-



many) agreed to give Bonn a

From the beginning of 1992 subsidiaries will pay dividends to parents in other member states free of withholding taxes. However, Germany, which pays a higher rate of tax on undistributed profits, did not see why it should allow not see why it should allow subsidiaries to transfer their

ziere, the East German Prime Minister and CDU leader, had resisted suggestions from Chancellor Helmut Kohl for

all-German elections in Decem-

The East German Social Democratic Party, junior part-ners in the East Berlin coali-

tion, last night bitterly critic-ised the vote, saying it breached an accord to consult

on key decisions. The West German Social Democrats,

which formed the Opposition in Bonn, also condemned the move in East Berlin, charging that it amounted to premature

Mr de Maiziere's party now seems to accept the need for

speedy elections to follow eco-

nomic and monetary union coming into effect on July 2. In view of growing pessimism

acceleration of unity.

East Berlin calls December

election for united Germany

ber or January

The compromise agreed will give Germany until the middle of 1996 to sort out its domestic taxes so that the problem no longer arises. In the meantime it will be able to charge some withholding tax - at half the present 10 per cent rate - so long as the tax rate on distributed profits is more than 11 per cent lower than the tax on undistributed profits.

The lifting of the German the fitting of the German veto of this directive allowed the other two — which had formed part of a single corporate tax package — to go through. A second directive will mean that companies making acquisitions alread will no leasure have to per capital tax longer have to pay capital tax on gains from the sale. At pres-ent mergers are treated in some countries as if the target company had been liquidated.
This can result in a big tax bill
when the purchase price is
higher than the book value of

The third measure will establish a way of solving tax disputes between member states when subsidiaries in two different EC countries trade

shout the effects of the intro-

duction of the D-Mark on the

East German economy, conservatives in both states want to

secure a parliamentary major-ity before high unemployment damages their standings at the

polls.
The Social Democrats in

Bonn, meanwhile, last night signalled a pragmatic line on the monetary union treaty to be dehated in both West German houses of parliament next week. Mr Oskar Lafontaine, the SPD's candidate for Changeller in the coming election

the SPU's candidate for Chan-cellor in the coming election, said that he was dropping his call for the party to reject the treaty in the Bundestag. Mr Lafontaine, however, told the Stiddeutsche Zeitung that mon-etary union would have "cata-strophic consequences."

with each other. Disputes over where the profits should be booked frequently means the company, caught between two tax authorities, pays twice. In future these problems will be solved by a special arbitration body to rule in all such disputes over "transfer pricing."

With those three measures through, Brussels will turn its attention to a plan that would attention to a plan that would allow losses in one member state to be offset against prof-its in another. Getting agree-ment on that is not going to be simple, but at least there is now a precedent proving that agreement is possible. As if that triumph was not enough, Mrs Scrivener had another

pleasant surprise on Monday.

She received her first ever audience from ministers on the dreaded subject of VAT that was not downright hostile. Many ministers even ventured to congratulate her on the Commission's proposals for a system that would allow, for a transitional period, tax to be collected in the importing country - as at present - even when barriers have gone.

Salvage workers board blaze tanker

By Alan Friedman

SALVAGE workers yesterday succeded in briefly boarding the Norwegian supertanker Mega Borg, ablaze in the Gulf of Mexico, but the fire was still believed to be burning below decks and the danger of an oil solil remained.

Firefighters reported some progress in dousing flames on board the vessel, which had been burning out of control 57 miles from the Texas coast since an explosion on Satur-

However, the Coast Guard and municipal officials of Gal-veston, the nearest city to the stricken tanker, said the dan-ger of environmental disaster remained sections.

remained serious.

The Mega Borg is carrying 38m tons of light crude, more than three times as much off as was split by the Exxon Valdez off the Alaska coastline in March 1989. Of particular concern is the weakness of the ship's hull. Mr Douglas Matthews, City

Manager of Galveston: said:
"We think they're doing the
best they can, but the facility
is not secure yet and they cannot guarantee that the ship
will not break into two." He
added that offer humains for

by the this week's decision by the Royal Dutch/Shell Group to cancel calls on dozens of US ports where it has been delivering crude oil. High cost of getting tough,

A game of chance with the ERM

The Government's tactics on ERM entry are providing a field day for the conspiracy theorists. The chief result of the steady trickle of rumour has been a rise in sterling. This ideally suits the Government's domestic purposes if it shares the view that the UK economy is not slowing down as it should. Assuming interest rates cannot be raised further, the only remaining option is to push up the currency in hopes of frightening the corporate sector out of conceding inflationary wage claims.

But if talk of early entry were merely a ploy, the Government would be playing a

dangerous game. As long as the markets believe in autumn entry, any bad news on infla-tion or the balance of paytion or the balance of payments is liable to be shrugged off as irrelevant. But if the promise then proved without substance, the effect on sentiment among overseas investors especially could be very damaging. Whatever the original motive, the Government is on the verge of committing itself. the verge of committing itself to entry before Christmas at

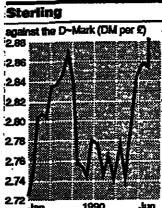
the latest.
On the other hand, the sooner the decision, the more likely that the broader 6 per cent band will be chosen. The Government may or may not be actively worried about demand at present. But until it is quite clear that the consumer is cowed, there is no domestic case for a reduction in interest rates. The higher in interest rates. The higher the ERM ceiling, the less risk of such a reduction being

enforced.

Then again, a 6 per cent band either way is so wide that the ERM sceptic might well ask how much difference it will make. Sterling is now close to the mid-point of its range against the D-mark over the past year. In that time, the divergence has been just 6.9 per cent.

Philips/Olivetti

It is not the first time that Philips' ideas for a strategic alliance have falled to materialliance have failed to materialise. A plan to create the
world's second biggest medical
diagnostic equipment manufacturer with GEC was at a much
more advanced stage when it
collapsed a couple of years ago.
Nevertheless, the breakdown
of Philips' talks with Olivetti
over the future of its struggling information systems gling information systems business is a serious setback. Philips needs to regain inves-tor credibility argently; but yesterday's terse statement is a reminder that it is no nearer getting to grips with one of the



main reasons why it did little more than break even in the first quarter. Its computer pete in an industry where margins are under severe pressure. It is hard to believe that Philips ever wanted to take Olivetti over. But there was a certain neatness about the idea of the Dutch multinational taking a minority stake in Olivetti, or a joint venture, in return for removing the loss-making bust-

ness from its balance sheet.

However, such a proposal always looked far more attractive to Philips than Olivetti. Despite its well publicised problems, the latter is still Europe's most successful small computer manualcturer and has an attractive distribution network. It should still be able to command a premium for its position; Philips, by contrast, is going to have a job convincing any partner that it is not just passing on its problems.

The Dunsdale Securities affair is awkward and embarrassing for UK's financial regulators. But by itself, it hardly amounts to grounds for alleging that the Financial Services Act has been an utter failure. Act has been an uter faintre. On the contrary, there is plenty of evidence that for the most part, the post-FSA regulatory bodies have been pretty effective watchdogs, certainly much better than the Department of Trade and Industry.

The SIB, after all, was much quicker than the DTI to spot what was going on at Barlow Clowes. And the SIB's firm but necessary declaration over British & Commonwealth showed that the SIB has not shirked tough decisions in a crisis. As for the self-regulatory bodies like Fimbra, which was Dunsdale's regulator, any fallings are more likely to have

pitiful financial resources than of fundamental flaws in its legal powers. With only 130 employees, Fimbra spent £8.9m on regulation in 1988-9, or about £1000 per member firm If you only have peanuts, the chances are you will only catch None of this means that the

regulatory system is working at peak efficiency. Fimbra devoted far too much of 1989 to having to fend off an insurrection from many of its members over the cost of their profes-sional indemnity insurance. The SIB itself has presided over an interminable row about disclosure of life assur-ance company expenses. It also needs to be more vigitant than it has been to date in stopping some SROs turning thems into trade associations. But if the FSA had one big flaw, it was that it was simply too ambitious. Things would probably only get worse if affairs like Dunsdale led to some dras-tic revision of the FSA now.

It is testimony to the gloom surrounding the prospects of the building sector that yester-day's near 19 per cent fall in Meyer's pre-tax profits could Meyer's pre-tax profits could prompt a 6 per cent jump in the share price. It may be a long time before the 1988-89 profits total of £87m is repeated; analysts are looking for £60m this year and perhaps £68m next. Some of the problems are self-inflicted; Meyer lost around £40m fruitlessly lost around £40m fruitlessly bidding for Travis & Arnold and it swapped its manufactur-ing interests for the longer term potential of UBM at the expense of current profits. But as the leading builders' mer-chant, Meyer was bound to suffer heavily from the downturn in the sector anyway.

Meyer International

The market's optimism springs partly from the fact that the final dividend was increased nearly 12 per cent, after the rather miserly 5 per cent interim rise. There is scope for improvement at URM and the heating and plumbing merchant Cadel; and despite the sale of the disappointing Australian business, Meyer still has a decent overseas exposure. But the main reason for yesterday's price rise was the chance to buy a recovery stock on only eight times 1991-92 earnings. If, as many expect, spending on repairs, maintenance and improve picks up quickly as interest rates fall. Meyer will be one of the chief beneficiaries.

UK cabinet split over new tax

would be possible to proceed in defence of what is seen as an important principle by British publishers – the freedom to By Philip Stephens, Political Editor, in London

THE BRITISH Government's the company's mind was the release of the two American hostages Mr Frank Reed and plans to overhaul its poll tax have ground to a virtual halt because of differences between Mrs Margaret Thatcher, Prime Minister, and her senior minis-ters over whether to introduce Mr Robert Polhill at the end of

people faced sharp increases in their annual bills, due in part to a sharp rise in spending by local authorities. As a result the Government was forced to announce that it

around the country will under-mine the Government's efforts to neutralise the considerable political damage inflicted by the community charge.

Ministers say that the Prime
Minister is insisting on a bill to

ment condition of entry, though Tuesday's FT report indicated this might be

Some ministers are known to be concerned that Mrs Thatcher will still seek to block entry. Some analysts said yesterday that public pre-

nock, the opposition Labour Party leader, who suggested that the meeting now threat-ened to undermine the position of the present Chancellor, Mrs Thatcher insisted that her contacts with Sir Alan were those of a "family friend."

June 1990 -

Banque Nationale de Paris - BNP

and

taken a stake in each other's share capital.

Salomon Brothers International Limited

March and suggestions in the Middle East of links between The Satanic Verses and the fate of remaining hostages such as Mr John McCarthy, a would review the operation of the tax and has been consider-ing ways to make it more acceptable before the general extend considerably next year its powers to "charge-cap" local councils that are judged been the result of its rather new legislation to curb local authority spending. The Government introduced acceptable before the gethe poll tax in April, replacing election due by mid-1992. added that after burning for more than three days the ship British journalist to be overspending. The Foreign Office advised rates, the old local tax on property, with a levy on every indistill had a temperature of 900 deg F.

Mr Matthews, who said it was "unacceptable" that the fire had burnt out of control Ministers who oppose Mrs
Thatcher argue that attempts
to increase the existing powers
would undermine the underlying principles of the charge. There are now fears in the Cabinet that the deadlock cou-pled with the severe administhat the situation over the hos-tages was at a particularly senvidual aged 18 or over. sitive stage and Penguin decided it would be irresponsi-The changeover provoked a political furore as millions of by the new tax in councils ble to go ahead at this time. This means that a paperback edition of the novel has now since Saturday, disclo in the event of an oil spill reaching the coast the city would consider the possibility of lawsuits against either the shipper, Mosvolds Rederi of effectively been postponed for the foreseeable future although Gorbachev hints at deal on Lithuania no formal decision has been taken not to publish the book eventually in paperback form. Mr Rushdie has already been Continued from Page 1 eignty of Russia. The docusure from Mr Yeltsin. Norway, or Elf Aquitaine, the owner of the cargo. the situation of March 10, let it be only for the period of our ment was carried by an over-whelming majority with 907 "Gorbachev has understood Elf said it was offering tech-nical help to contain the acci-dent but it believed that liabilthat if he does not solve the problem himself then it will be solved by direct negotiations talks...Our choice is a political one but this doesn't rule out the possibility that life might paid the portion of his advance on the book notionally linked votes for and 13 against.
The declaration, which
forms the basis for a new with paperback rights, because of high sales of the hardback. tent but it beneved that hamility rested with the shipper.

Eli's share price fell about 3 per cent in early trading in Paris yesterday but recovered to close down FFr9 at FFr653 on the day.

Six firefighting ships are between the Baltic republics and the Russian Federation," Mr Gryazin told reporters. republican constitution for the force us to use any means," he Penguin owns the paperback rights without time limit. If the company were to republic, suggests that Russian laws should take precedence over Soviet legislation. added,
Meanwhile the Soviet leader
faced a fresh challenge on sovereignty closer to home when
the Russian parliament,
chaired by his arch-rival Mr
Boris Yeltsin, adopted a document proclaiming the sover-Mr Yeltsin, elected president decide formally that it did not want to publish a paperback edition, the rights would simof Russia earlier this month, has already put pressure on the Soviet leader by talking Mr Igor Gryazin, an Estonian deputy, made a direct link between what he called Mr surrounding the Mega Borg while aircraft have dropped dispersants on the oil slick around the ship.

Local officials in Galveston ply be returned to Salman Rushdie to do with what he Gorbachev's "small step for-ward" on Lithuania and pres-L'Union des Assurances de Paris – UAP ofdirect trade and cooperationwanted. The Independent on Sunday, a British newspaper that has been close to Mr Rushdie reported on Sunday that the Ryzhkov reforms set for rejection warned that the ship was list-ing and that more than 100,000 gallons of the tanker's have each effected a capital increase and have Continued from Page 1

If the parliamentary resolution is approved, it will still leave the position of Mr Ryzhkov himself in the balance. author had two key stances:
There should be no interference in continued publication of his book and he should be centrally-planned economy. Yesterday the all-union congress of miners, meeting in the mer's industry-wide stopage, cargo had already leaked into the Gulf. The Coast Guard was and are now determined to set up an indepedent trade union. the Guit. The Coast Guard was hoping to make use of the 100 tonnes of carbon foam which had not been sprayed because of fears that the searing hull of the tanker might crack if foam was applied to it.

Ms Barbara Crews, mayor of Galveston, called for an urgent improvement in federal and coal city of Donetsk, passed a "declaration to the workers of the USSR" calling on work collectives throughout their coun-The Ryzhkov reform plan, which included provisions to more than double the price of allowed to lead a normal life. In return the author would Many reformers believe that the Prime Minister, a popular tell British officials that he foodstuffs from January 1, has was willing not to press for a paperback version of the novel but pedestrian former engineer and factory manager, is incapa-ble of pushing through a suffibeen condemned by both con-servatives and radicals, and rejected by the parliaments in Ukraine, Belorussia, and the Russian federation. try to support a campaign for the government's resignation. The miners' congress is being now although he hoped a cheap edition might be avail-able in the future. ciently radical reform pro-gramme to transform the attended by strike committees who co-ordinated last sumimprovement in federal and state oil spillage controls. She The undersigned acted as financial advisor to the warned that a quicker induswarned that a quicker indus-try response was needed. Meanwhile, the Interna-tional Association of Indepen-dent Tanker Owners, based in Ministère de l'Economie, des Finances et du Budget. **WORLDWIDE WEATHER** London markets boost dictions of early entry could make backtracking much Continued from Page 1 Oslo and representing half the world's tanker fleet, renewed any decisive move on the EMS. Mr Glenn Davies of CL-Alexits call for the US Congress to approve international proto-cols which limit liability in harder, given the damage this could to sterling.

Mrs Thatcher confirmed that ander Laing and Cruickshank said: "I think this is a red herring." He calculates that underlying UK inflation, at about 6.25 per cent, is still well ahead of the 3.5 per cent average of FPM countries. she had had several meetings the event of oil spills. The association predicted that responsible ship owners would otherwise abandon the in recent months with Sir Alan Walters, the former economic adviser whose opposition to age of ERM countries.

Convergence of inflationary the ERM led to the resignation last year of Mr Nigel Lawson as Chancellor. US market to "buccaneer" operators who would simply trends has been a key governgo out of business in the event of an accident. Responding to Mr Neil Kin-The call was strengthened

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Wednesday June 13 1990

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INSIDE

I BANN Ince

Brewers' profits blow hot and cold



A long, hot summer is always good news for ar's UK heatwave helped to boost beer sales by more than 5 per cent for Marston, Thompson and Evershed, However, JA Devenish, the

West Country-based brewer, fell victim to a cool property market by holding back asset disposals, and pre-tax profits fell £1.3m to £3.84m (\$6.47m). The Carisberg brewery group of Denmark had happier news with a 7 per cent increase in operating profits in the half year to March 31. Pages 28, 24

Moscow marketeers bombard Chicago

Moscow and Leningrad could have their own commodity futures exchanges within a few years if their level of interest in Chicago's two leading exchanges is anything to go by. The Chicago Mercantile Exchange and the Chicago Board of Trade say they have been "besieged by delegations and requests for delegations" from eastern Europe, and to a lesser extent, China. Barbara Durr reports. Page 32

innovative chemistry



Novo Nordisk, the result of a merger between Denmark's two leading pharmaceuticals companies, may be a minnow year drugs industry, but it looms large in innovation. "A company like ours can only survive if it can bring out innovative products," says Mads Ovlisen (left),

managing director. Peter Marsh looks at how Novo and Nordisk reshaped their R&D centres when they joined forces.

Stock market blues

UK office partition specialist Unitock is disgruntled with the stock market. Its chairman, Ken Roberts, says the group's acquisition plans conditions have kept its share price low despite substantial growth in profits. Yester-day, the company raised City eyebrows by inviting bids, efter reporting a 65 per cent increase in pre-tax profits. Page 22

Jakarta suffers growing pains Indonesia's luvenile Indonesia Jajorta

Composi

stock market is begintured by reforms, overseas investor inter est and a flurry of new listings. But as with any youthful market, teething troubles persist, and the question is whether fursures, such as a new 1990 Jun banking law, can keep up with the market's rapid pace of growth. Claire Bolderson reports. Back page

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s - 5*

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Vosper Thornycroft Wardell Roberts Chief price changes yesterday

2535 + 40 2610 + 20 338.7 + 12.7 1270 1170 1180 1380 1290

Devenish (J.A.) Fisons Harmocell Racal Elecs.

Stora barred in Darblay deal By George Graham in Paris THE PRENCH Government has blocked Stora, the Swedish pulp and paper group, from taking over Chapelle Darblay, the news-print and magazine paper pro-ducer, in partnership with Kyn-mene of Finland. Kymmene will proceed alone with the FFr1.32bn

• THE FINANCIAL TIMES LIMITED 1990

ment yesterday.

The terms of Kymmene's purchase of Darblay from Pinanit, the leading French timber group, are otherwise mechanism. Pierre Bérégovoy: author-ised purchase by Kymmene

newsprint plant at Grande Couronne, near Rouen, but only weeks after announcing its joint deal with Kymmene in early April, it reached agreement to take over Feldmühle Nobel, the leading West German paper pro-ducer, for DM4bn (\$2.35bn). Since the end of last year, Feld-mible has comed 100 mühle has owned 100 per cent of Papeterie Beghin-Corbehem, whose only domestic competitor

Stora had initially said its main interest in Darblay was the

whose only domestic competitor in the market of lightweight coated paper (LWC) for magazines is Darblay's St Etienne du Rouvray mill.

Darblay expects to sell about 238,000 tonnes of LWC paper this year, giving it around 18.5 per cent of the French market. Its forerast for newsprint is 224,000

forecast for newsprint is 324,000

Mr Pierre Bérégovoy, the French finance minister, has authorised the purchase after Kymmene undertook to safe-guard Darblay's 1,170 jobs, maintain production on the two separate sites, and maintain competitiveness through plant investments.

Mr Hervé Guillaume, Darblay's managing director, said recently that, to remain competitive, the company needed to invest FFr4.5bn over the next five

Competition in the French newsprint market, in particular, is expected to intensity as two new mills come on stream.

Kymmene, a leading Finnish forest products group, strong in the LWC market, also undertook to continue repaying FFr1.05bn which Darblay owes to the

tain favoured relations with the French press. For 15 years, Darblay has been one of France's lamest industrial ducks, with a series of bankruptcies and government bailouts

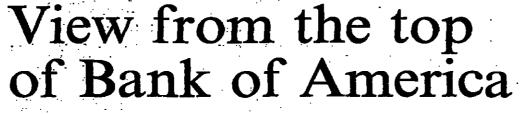
The current Socialist Government did not applaud its prede-cessor's deal to sell Darblay to Mr François Pinault, France's leading timber merchant, for FFr450m in 1988.

behind it.

It felt its criticisms were justified when he began negotiating the company's sale less than two years later.

"This time we have a serious industrial shareholder, and I think it will really be the last episode in the Chapelle Darblay soap opera," commented an offi-

Stora four-month results.



32m) acquisition.

The French finance ministry objected to Stora's involvement

on the grounds that it would

have been too dominant in the magazine paper market. French officials said the deal would prob-ably have been referred to the

Competition Council on concen-

tration grounds, had Stora not withdrawn. Stora had no com-

David Lascelles meets the group's new chairman

n a clear day, Mr Richard Rosenberg can see the entire bay of San Fran-cisco from his 40th floor office. He needs clear vision. As the new chairman of Bank of America he inherits an institution which courted disaster in the mid-1980s but has now recovered to fight

another day. Under its outgoing chairman Mr Tom Clausen, Bank of America absorbed more than \$1bn of losses, and suspended its dividend for three years in a row. Thanks, however, to a ruthless programme of restructuring, the bank is lean and profitable again. In capital terms, it is among the strongest of the largest banks in the US.
"We want to dominate the

West across all market seg-ments," says Mr Rosenberg in a confident tone which has not been heard at the bank's head-quarters for nearly a decade. Mr Rosenberg himself only joined. the bank in 1987. A wiry, lively man with a ready laugh, he marks a sharp change from the stolid, fleshy form of his predecessor. Where Mr Clausen pushed Bank of

America forward with steady purposefulness, Mr Rosenberg is expected to do it with dynamism and drive. He also comes from a different background. For many years he worked for Wells Fargo, Bank of America's main San Francisco competitor which is known above all for an

almost obsessive attention to

cost-cutting and marketing. He is

plainly counting on two of the bank's restored assets to help him through: the fresh stock of capital, and the improved morale of the staff.

The capital, he says, will give Bank of America the flexibility to grow, and that always motivates people. "This place is filled with talent," he claims. The main point with which Mr

Rosenberg has to come to terms is that his bank is now a somewhat different creature from what it was before the crisis. (He refuses, incidentally, to comment on whether Mr Clausen's legacy might contain similar unpleasant surprises to those which erupted after he retired for the first time in 1981, and had to be called back to sort them out.) Bank of America has shed

large parts of its overseas operations: its UK mortgage busi-ness, its Italian retail bank, its medit card business in the Far East. Overseas branches have fallen from over 100 to only 39 in five years, and overseas assets are down by nearly a third to \$17bn. But at least the overseas iness is profitable again, and Mr Rosenberg expects it to earn about \$400m this year, excluding the effects of third world debt. The focus will be on serving international corporations, par-ticularly in Europe and around the Pacific. The result of the

is concentrating on the area in

which it has been most success-

ful: serving the domestic West

Coast market, particularly the

horizon is the opening up of the Californian banking market to mks will be al changes is that Bank of America

retail segment where it has long been the dominant player.

With California's population growing at the rate of 700,000 a year the best prospects clearly lie on the bank's own doorstep. It has 850 branches in the state, which Mr Rosenberg thinks is about enough. Efforts are now being aimed at expansion into

neighbouring states.

Aside from Seafirst, one of the largest banks in the state of Washington, Bank of America, has bought a bank in Nevada and recently acquired a \$2bn thrift in Arizona. This is being backed by hefty investment in infrastruc-ture and back-office systems.

Bank of America clears 5 per cent of all cheques in the US and therefore stands to benefit from the development of new labour-saving technology. By the same token, however, this costs a lot to An event which looms on the

out of state banks in 1991. But Mr Rosenberg expects this to be "the great non-event of all time." He doubts that any out-of-state ifornian banks of any size, or make hig inroads into the market if they try and start from scratch. This view seems to be confirmed by the attitude of the large New York banks, for example; few currently have the resources to

as large as California.

make a big assault on a market If there are prospective prob-lems for Mr Rosenberg, they



Richard Rosenberg: A need for a clear vision

hang on questions about the soundness of the West Coast mar-ket, particularly in property. Mr Rosenberg admits that real estate in Arizona is a disaster, but he justifies his purchase of a thrift there on the grounds that the underlying economy is strong.

The California market itself is patchy. Another issue which will confront him is the environment,

where the implications for bankers are only now beginning to emerge. How are environmental factors to be built in to credit decisions? What liabilities could bankers be exposed to by lending to companies guilty of pollution? All these questions will probably erupt most sharply in an environ-ment-conscious state like Calif-

Philips and Olivetti abandon

By Michael Skapinker in London and Halg Simonian in Milan

PHILIPS of the Netherlands and Olivetti of Italy, two of Europe's leading electronics companies, have abandoned negotiations on possible collaboration.

In a joint statement yesterday the two groups said: The talks have shown that at this moment co-operation in the investigated

areas offers no substantial bene-fits to either company." The talks, which came to light last April, provoked speculation that Philips wanted to take con-trol of Olivetti to bolster its own struggling computer operations. Both companies denied this had been discussed.

Earlier this year Mr Cor van der Kingt, outgoing Philips pres-ident, had hinted strongly that Philips would take over a com-puter company. The ending of talks with Olivetti removes one obvious contender from the field. Philips said yesterday that it was talking to other companies in

Europe and elsewhere.

It is believed the two groups discussed an offer by Philips to transfer its computer division to Olivetti in exchange for an equity stake in the Italian group. Philips, however, denied yester-day that it had ever acquired Oli-patti shapes or accordated to do vetti shares or negotiated to do

Olivetti also said the two com-panies had examined collabora-tion in the field of printers and

electronic components. Mr van der Klugt said last March that it was vital the Dutch company remained in the computer business, despite los-ing "hundreds of millions of ing "hundreds of mutuus sing "hundreds of mutuus sing in the sector last year.

Mr Jan Timmer, Mr van der

Accionated successor, Klugt's designated successor, will need to find a solution for will need to find a solution for both the computer business and the group's semiconductor opera-tion, which also suffered heavy losses last year. Mr Timmer's appointment is due to be con-firmed by an extraordinary gen-eral meeting of Philips share-holders on July 2. Analysis say Olivetti's deci-

Analysts say Olivetti's decision to withdraw from the talks stemmed from the judgment that the cost of restructuring the computer operation at Philips

outweighed any potential gains. The need to concentrate management time and financial resources on internal develop-ments is thought to have played a major part in Olivetti's deci-sion. Olivetti has been involved in a restructuring process, which has seen the group split into sev-eral separate, customer-driven divisions. Lex, Page 20

Chrysler and Renault end plans for \$500m joint car venture

By Kevin Done in London

CHRYSLER and Renault are abandoning their planned \$500m venture to develop a joint vehicle for production in both western Europe and in North America. The project to develop a four-wheel-drive leisure utility vehicle

was already well-advanced. It was an important element in the US automaker's attempt to break back into the western European vehicle market Chrysler said yesterday: "The joint programme as structured, is no longer economically attrac-

The collapse of the project is an unexpected blow for Chrysler, as the venture had already been under development for more than

two years.

It is understood that the two companies have concluded they cannot make the venture profit-

The management structure developed for the project has proved unworkable and the two companies disagreed over concepts for the vehicle in terms of

size, equipment and price.
The companies' distribution plans in Europe, where each would have taken exclusive rights in different countries, have also run into opposition from the European Commission. Financial problems also arose

with the Spanish authorities over use of the former Renault plant, which was being closed down.
It is also believed that Renault,
which has recently embarked on a wide-ranging alliance with Volvo of Sweden, has become increasingly concerned about the long-term future of Chrysler. The US carmaker faces sharply

a series of senior management Chrysler, which is the third

largest US auto maker, has been seeking ways of returning to the Ruropean market following its withdrawal at the end of the

The threat of financial financial collapse forced Chrysler to sell its European operations to Peugeot of France.

Chrysler said yesterday that it intended to continue with the four-wheel-drive vehicle developnt programme, code-named JJ, without Renault.

It said it might seek another partner for the leisure utility

The plan to produce the vehicle at a former Renault plant in Val-ladolid, Spain will be abandoned,

Kitcat & Aitken rescue plan fails

falling profits, tumbling domestic market share and has been hit by

By David Barchard in London

A LAST DITCH attempt to save Kitcat & Aitken, the London securities house, falled yesterday after a Deutsche Bank board meeting in Frankfurt rejected proposals to buy the firm's agency operations.

Kitcat & Aitken was closed two

weeks ago by its parent Royal Bank of Canada – with the loss of 125 jobs. The bank had concluded that it would not make a return on its investment.

Several senior figures in Kitcat & Aitken, including Mr Peter Nuttall, the senior partner, and two senior salesmen, Mr Nicholas Spearing and Mr Michael Oliver, have been in talks during the last week with Deutsche Bank Capital Markets in London. The proposed deal would have involved Deutsche Bank taking over the agency broker activities of Kitcat & Aitken, but not its

market making side, and perhaps buying the name of the 90-year-old stockbroker at a nominal price from Royal Bank of Canada. Deutsche Bank Capital Markets at present mainly handles fixed interest securities. Kitcat & Aitken believed it could offer Deutsche Bank a combination of good research facilities, including several well-regarded analysts, and coverage of more than half of

the UK equity market. Deutsche Bank's other UK subsidiary, Morgan Grenfell, the City merchant bank which it bought last autumn, withdrew from the UK equities market two years

Although it would not have been directly involved in the deal, it would have been offered close contact with a researchbased agency broker.

Mr Nuttall led a team of 12 22.5m (\$4m), with £1.5m costs.

senior managers from Kitcat & Aitken to Frankfurt on Monday to hold talks with Deutsche Bank. He had persuaded its main stockbrokers to stick with the firm in the hope that a rescue deal would be struck. Now that Deutsche Bank has

rejected the proposal, Kitcat & Aitken's managers and salesforce teams are expected to leave "Our board decided that we should not proceed with the deal,

Our feeling is that there is going

to be a lot more difficulty in this market," a spokesman for Deut-sche Bank Capital Markets said. Kitcat & Aitken marketmakers were not included in the pro-posed deal with Deutsche Bank. Yet their plight was less dire than generally thought. Over the last financial year, revenues were The first Europeanlinked Exchange to open in London.

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INTERNATIONAL COMPANIES AND FINANCE

ITT to sell Alcatel stake to CGE

By Roderick Oram in New York

ITT is to sell a 7 per cent stake in Alcatel for \$640m to Compagnie Generale d'Elec-tricité, its French partner in the joint venture in the manufacture of telecommunications equipment.

The two companies formed Alcatel in 1986 by pooling their telecommunications assets, once the historic core of ITT before it became a broadly diversified industrial

After buying out some small sharehold-ers in recent years, CGE currently owns 63 per cent of Alcatel.

telecommunications in Europe.

The US group will book a second quar-ter \$139m after-tax capital gain on the sale and will use most of the proceeds to buy back more of its own shares.

FIT appears to be getting a good price for the Alcatel shares. When it first men-tioned in May its willingness to negotiate with CGE, analysts put a value of about

TTT said yesterday it would retain a 30 per cent interest in Alcatel which it considers an "important growth vehicle for TTT" because of its leading position in markedly over the past few years, generating markedly over the past few years, generat-ing net profits of \$580m on sales of \$14.1bm last year. None the less, FIT still earned last year only a 9.6 per cent return on its investment in Alcatel. This smaller return

compared with ITT's other businesses helped depress the group's stock price.

Although the sale will help bolster ITT's share price, the group said the deal did not

mark a change in strategy.

French state moves on Framatome control

By William Dawkins in Paris

CREDIT LYONNAIS, the French state-owned bank, is assisting the French Government in an attempt to win state control of Framatome, the nuclear plant builder in the throes of a partial bid from one of France's biggest private

Compagnie Générale d'Electricité (CGE), the privatised engineering and electronics group, agreed three months ago to buy out a fellow minority shareholder and take 52 per cent control of Framatome, the main supplier of nuclear plant to the French electricity board. Mr Jean-Yves Haberer, Crédit Lyonnais chairman, now says he is prepared to take a 6 per cent stake in Frama-tome, which would have the

SKANDINAVISKA Enskilda

Banken, one of Sweden's top three commercial bank groups, reported an operating profit increase of 10 per cent to SKr1.6bn (\$261m) during the

first four months of 1990, but a

fall in return on capital to 17.6

TRUSTOR Automotive, a Swedish vehicle components

manufacturer, yesterday pur-chased FHS Stahlverformung,

a West German company

which claims to be Europe's leading producer of gear devices for the car industry.

per cent from 18.3 per cent.

By John Burton

SE Banken in 10% rise

Trustor buys gear maker

trol to government-owned bod-ies which currently own 45 per cent of the nuclear plant

The CGE accord has run into resistance from President François Mitterrand, who wants to keep this strategically sensitive company under gov-ernment control, and provoked intense opposition from Frama-

tome's management.
Framatome's political sensiramanone's gointed sensitivity comes from its position as the only supplier of nuclear plant in a country which derives 80 per cent of its electricity from nuclear power.

Complex negotiations for a compromise are far from over, but CGE's attempt, which has tested the Government's liberal policies to the limit, now looks in serious difficulty. However,

It predicted that operating profits for the year would increase by a similar rate.

The bank operations posted a gain in operating profits of 6.5 per cent to SKrilbn, saying that earnings at its Sweish units "improved substan-

units "improved substantially."

The seller is USX, the US

steel and energy concern. The deal is the latest example of

how Swedish components mak-ers are moving into the Euro-pean Community as Sweden's two vehicle companies shift more production there.

government officials deny any plans to nationalise Framatome outright, a move which would contradict Mr Mitter-rand's policy of allowing nel-ther new nationalisations nor privatisations.

the agreement between CGE, owner of 40 per cent, to buy another 12 per cent held by Dumez, the construction

After several months in After severar months in which government ministries were split over whether to welcome or oppose CGE, hir Pierre Bérégovoy, the Finance Minister, is now taking the lead in

seeking a solution in which control of Framatonie would rest with the state.

Crédit Lyonnais is mediating with other industrial groups which have shown interest in buying into Framatome. Poten-The CEA atomic energy commission owns 35 per cent of Framatome, with another. 10 per cent in the hands of Electricité de France, the electricité de France, the electricity board. The row is about the agreement between CGE, owner of 40 per cent, to buy

trial and financial services conglomerate.

CCH has not yet received an official offer for the shares it has agreed to buy from Pumez and neither has it decided to sell. "We are still ready to discuss. We have always said that the state should play a role in Framatome," said CGE.

Baltica net profits fall sharply in first quarter

By Hilary Barnes in Copenhagen

FIRST-QUARTER net profits at Baltica Holding, the Danish financial services group, fell from DKr154m to DKr118m and earnings per share were cut from DKr14 to DKr7, according to the interim report yester-

day.

The decline in earnings was attributed to fierce competition in several of the group's main activities and reduced investment income, reflecting a weak Danish bond market. Pre-tax earnings by the

insurance group were down to DKr131m (\$20m) from DKr155m, while the finance group increased profits to DKr49m from DKr35m.

rescue company, Falck, made a

DKr19m loss compared with a

DKr15m profit in the same period last year. Measures to correct the situation are being taken, said the report. Return on investment was not satisfactory, according to the report for the insurance group. In addition to a weak bond market, this reflected the

group's DKr2.4bn investment in Victoire, the French insur-ance group, which will only yield a return corresponding to interest income foregone.
On the present level of secu-

rity prices and foreign exchange markets, earnings this year will be slightly down on 1969, the group forecast. Group income in the first quarter was slightly down.

Profit fall in pulp and newsprint hits Stora

By John Burton

STORA, Europe's largest pulp and paper group, yesterday reported a 22 per cent fall in profits after financial items to SKrl.lbn (\$179m) in the first four months of 1990. Sales were down by 2 per cent to

It added that its recent DM4bm (\$2.359bm) acquisition of West Germany's Feldmühle Nobel would make the decline in earnings for the year less severe than it had previously

expected.

Stora blamed the profit fall on lower earnings in its pulp division, which fell by 21 per cent to SKr367m, and the newsprint division, which dropped by 40 per cent to SKr162m.

It said profits would be

It said profits would be lower for the year due to slower economic growth in major markets and increased capacity in paper production. Stora is also being affected by high costs in Sweden where most of its facilities are

It earlier estimated that profits for 1990 would fall by the same rate as during the first four months, resulting in an earnings figure of SKr3.1bn for 1990 compared with SKr3.9bn in 1989. But with Feldmühle Nobel

becoming a subsidiary last month, despite the continued absence of approval from the West German cartel office, Stora believes the acquisition will add between SKr100m and will and between SKr100m and SKr150m to profit figures this year. This is primarily because Stora will be able to supply puly to Feldmühle Nobel, reducing its dependence on pulp price trends in the general market.

Group tries to scrap Conti voting limit A WEST GERMAN shareholder lobby group said it would try to scrap Continental's 5 per cent voting limit at the German tyre maker's June 27 annual meeting, Reuter reports. The Deutsche Schutzvereinigung für Wertpapierbes-itz said it needed the backing of shareholders with more than half of Continental's capital.

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Esselte sells property holdings in restructure

ESSELTE, the Swedish office products and media group, yes-terday sold its domestic prop-erty holdings to the Swedish government-affiliated National Pension Insurance Fund for SKr3.4bm (\$555m) as the first step in its restructuring strat-

The value of the deal exceeded expectations. Analysis had judged the property, which includes prime sites in Stockholm and Gothenburg, to be worth about SKr2.5bn. Esselfe estimates that it will not SKr23bn from the sale. The favourable deal means

that Mr Hans Larsson, Esselte president, is likely to have succeeded in achieving and possibly exceeding his goal of raising earnings per share to between SKr15 and SKr18 in 1990 from SKr1220 last year.

Mr. Larsson said the property Mr Larsson said the property sale would result in an increase of SKr? per share on a full-year basis.

Mr Larsson proposed in February the sale of Esselte's media and property holdings in

order to block a leveraged buy-out bid by the company's principal shareholders, including the Mobilia and Ratos

investment companies. He estimated that the divestment strategy could double profits after financial items to SKr1.5bn in 1991 from SKr735m in 1989. Capital from the sales will be used to expand Esselte's core business in office

supplies and products. Mobilia and Ratos agreed to drop their buy-out bid and accept Mr Larsson's plan. although they subsequently ousted the company's chair-man and four board members last month and increased their shareholding to 60 per cent. The property purchased by the National Pension Insur-

ance Fund, which administers contributions paid into the supplementary national pen-sion system, includes the land-mark. Norstedts publishing house on Stockholm's Riddarholm island, the Esselte head-quarters in the Stockholm suburb of Solna and the Wezäta

premises in Gothenham. property from the pe

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Intense interest is beli shown by potential brown in Esselte's media holding which are conservatively astusome analysts believe Renda could receive a total of Skinger

for them. Its media interests include the loss-making pay. TV commel Filmmet, which is the minimal ject of a bid by France's Const. Plus, and a consortium countring of France's TF1 change and the Swedish investment company Kinnevik, which operates the Nordic region of TV3 satellite channel. Research also owns the Norstedts for graphic and printing facilities, its original business.

Although Essette suffered a 48 per cent drop in profits after financial items to Skriger during the first quarter of this year, it expects operating prof. its to recover.

Building downturn hits Meyer

building sector knocked 19 per cent off the pre-tax profit of Meyer International, the UK's largest distributor of building materials, in the year ended March 31.
The fall in taxable profit,

from £87.19m to £70.79m, was greeted by the stock market with a 21p rise in the share price to 395p, as sighs of relief were breathed at the damage

THE DOWNTURN in the UK limitation and hopes grew of a building sector knocked 19 per 1991 recovery. This compares with a high of 473p last year. Meyer was affected not only by the fall in new housing starts - down 22 per cent in the UK private sector last year and still falling - but also by the first downturn for 10 years in repairs and renovation.

full-year contribution from the former UBM outlets, acquired in late 1988 from Norces in a swap of businesses, and a £106m influx from Pont Meyer, the Dutch subsidiary bought two years ago.
To limit the damage, the

company had made cuts including shedding 15 per cent of the Jewson builders mer-Group turnover advanced by nearly 20 per cent to £1.14bm.

The increase reflected both a 220 outlets had been closed.

Stock losses force Avesta down 95%

By John Burton

AVESTA, the Swedish stainless steel group, reported that profits after financial items fell by 95 per cent to SKr29m (\$4.7m) during the first four months of 1990 due to stock losses.

It forecast that profits for the

It forecast that profits for the year would prohably be lower than the 1989 figure of SKr406m. A decline in the price of nickel reduced the value of

Avesta's stocks from a profit of SKr255m during the first four-months of 1989 to a loss of SKr155m in the same period

Profits for cold-rolling steel plates were lower, while that for other product areas had improved or remained the same. Excluding stock valuation changes, profits fell 38 per cent to SKr176m. Avesta said it was difficult to judge the outlook for the rest of the year since makel prices may still be subject to specula-tive presented but the confetive pressures, but it hoped for a stable market in 1990 and improved conditions in

Avesta announced earlier this year that it planned to reduce its workforce by 500 to improve profitability.

All of these securities having been sold, this announcement appears as a matter of record only.



a subsidiary of Polly Peck International PLC

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US BANKING THE WINNERS AND LOSERS

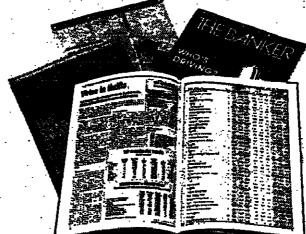
The June issue of The Banker is devoted to an in-depth report on the US banking and finance market. US banking is going through a major shake up. The economy is slowing down and the major money-centre banks are losing ground to the super-regionals. The Banker presents its exclusive and authoritative listing of the Top 300 US Banks and assesses the winners and losers.

The Banker also examines the thrift institutions and the difficulties some of them are encountering, and publishes for the first time a new listing of the Top 200 US Thrifts.

As you would expect from a Financial Times publication, the June issue of The Banker also covers other important and topical issues and presents an in-depth analysis of the Singapore and Malaysian banking systems. There is an exclusive interview with the governor of the Banque de France on the future of Paris's financial markets, and a survey on dealing room technology.

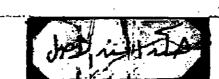


The Banker, with its regular features on capital markets, trade finance and banking technology as well as its special listings, gives readers a broad independent overview of the factors affecting the world of banking and finance.



So make sure you pick up a copy of the June issue of The Banker - and ask your newsagent to reserve you a copy of forthcoming issues. £3.50. It's required reading.





INTERNATIONAL COMPANIES AND FINANCE

on tight through market typhoon

he plunge in Tokyo stock market values this year shattered the myth that Japan's stock prices rise endlessly, and stories abound of local investors who were seriously burned by the market's plunge. However, there have been few signs of a mass retreat from equity invest-

Mr Masao Shibata (not his real name) lost as much as Y200m (\$1.3m) during the fall. He remembers standing transfixed before the stock price screen in a branch office of a big Japanese securities firm on April 2, the day the Tokyo stock market suffered its second worst fall.

It was one of the rare occa-sions in his many years of investing in the stock market that Mr Shibata, who runs a lucrative business in tailor-made suits in the flashy Akasaka district of Tokyo, had felt the urge to check the price screen to see how bad it really

nosedive across the board, Mr Shibata kept thinking about the advice of the professionals,

Michiyo Nakamoto finds individual investors battered but still buying after the Tokyo stock market's second worst fall

whom he consulted regularly, to "buy when the market bot-

He says with more than a hint of self-reproach: "I knew I should be buying, but I was in such a state of confusion that I just couldn't think of what to

Ás Mr Shibata looks back on the first three months of the year that wiped 28 per cent off the market's value, his greatest regret is that, by the time the market did hit bottom, he no longer had the nerve to buy. Until then, like many Japanese individual investors, he had continued to buy stocks, undaunted by the market col-lapsing, or unwilling to believe that it was. "It was like someone going through a mine field, stupidly believing that others might be hit but I alone would be able to get through safely." Mr Shibata has no intention of giving up investing in stocks: "I have not reduced my

The Tokyo stock market was rocked by panic-selling by institutional investors and waves of programme trading by professional dealers. But Japan's individual investors, though shaken by the turmoil they saw on the market week after week, held firmly to the belief that the market would

soon recover. In February and March, the market lost Y110,000bn in value, a sum equal to about a quarter of Japan's gross national product. But during that time, buying by individu-als exceeded selling for the first time in almost a year. In March, individuals pumped Y626bn more into the market than they took out of it, even though the Nikkei average of 225 leading shares plunged another 11 per cent in the

"I didn't have the alightest urge to sell because I thought that eventually the market

would recover," says an inves-tor who works for a big Japa-nese trading company and pre-fers not to be identified.

It seems that what kept indi-viduals buying amid the confu-sion and panic of those tunultuous months was the still vivid memory of Tokyo's remarkable rebound after the of October 1987. For many investors watching stocks tum-ble to a third or even half of the price they commanded just

the price they commanded just several weeks before, the memory of Tokyo's quick recovery after Black Monday kept coming back to remind them that big gains only came to those willing to take big risks.

Individuals had been a major force behind Tokyo's recovery in 1987, and those who had been brave enough to buy had made handsome gains. "Buying stocks is not exactly the same as gambling," says Mr Shibata, "but there is an element of gambling involved."

Having learnt from Black Monday, even the more cau-

Monday, even the more cau-tious investors hung on to their stocks this time, believ-ing that sooner or later the tide

would turn.

Mrs Harue Abe, a housewife whose profits from stock in the bull years helped her buy a house in a Tokyo suburb, says that she did not sell even at the worst time this year, because she did not need to. "Most investors know that prices will recover sooner or later and that they would be foolish to sell now."

Mrs Abe confesses that she

is now tempted by several issues with strong fundamen-tals whose prices have fallen to what she believes are unrealistically low levels.

This sort of confidence also continues to be reflected in the economy at large. Japanese consumers have not given up their taste for the good life. Sales of luxury cars have risen steadily this year, with sales in March marking a 174 per cent rise over the year before. Sales from department stores have also been strong, while the number of Japanese who travelled abroad during the Golden Week holidays earlier this month hit a record high.

A lthough economists warn that the effects of the market's fall on consumption, and on the econconsumption, and off the econ-omy as a whole, will take time to emerge, the most conspicu-ous slowdown so far has come in the kind of speculative activity that helped blow the Japanese asset bubble out of proportion in the first place. speculators who bought stocks on margin, then failed to pay their brokers, and at least two large investor groups have defaulted on their loans.

But on the whole, Japanese investors have taken their losses in their stride. Mr Shibata shrugs off the idea that his huge losses on the stock market this year might affect his life style. "If my wife asks me to buy her a ring, I can't say no, just because stock prices have fallen. You have to buy what you need to buy, don't you?

The cool response of investors to this year's market fall has prompted a suggestion that the Japanese may have become more like British aristocrats. Gambling, says Mr Yuji Aida, a professor in Kyoto, used to be reserved for aristocrats because, even if they lost a lot of money, they would not lose their sense of self.

Distributor of Proton car to be floated in Malaysia

EDARAN Otomobil Nasional (EON), the distributor of Malaysia's Proton national car, is to be floated on the Kuala Lumpur Stock Exchange through an issue representing 30 per cent of its equity and raisis7m). Our Financial Staff writes.

writes.
The offer of 36m shares is priced at M\$4.30.

The state, which owns 70 per cent of EON, will reduce its holding to 49 per cent.

Kualapura, a company jointly owned by Japan's Mitsubishi Corporation and Mr Rin Kei Mei, EON director, will see its 30 per cent stake drop to

see its 30 per cent stake drop to 21 per cent. EON forecasts a 10.9 per cent rise in pre-tax profit this year

Province of Alberta

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in accordance with the provisions of the notes, notice is hereby given that for the Interest period 13 June, 1990 to 13 September, 1990 the Notes will carry an Interest Rate of 8%% per annum. Interest payable on the relevant interest payment date 13 September, 1990 will amount to US\$214.03 per US\$10,000 note.

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Japanese hold | SAB to buy up Southern Sun stakes | UAE company buys

By Philip Gawith in Johannesburg

SOUTHERN SUN, the largest owner and operator of hotels in Africa, is to be delisted from the Johannesburg Stock Exchange following an announcement yesterday by South African Breweries (SAR) its majority share. (SAB), its majority share-holder, that it will be buying out minority holdings in a R120m (\$45m) deal. The rationale given for the

move is the need to effect long-term restructuring at Southern Sun, including a pos-sible recapitalisation, which could lead to a conflict of interest with minority shareholders. Southern Sun's debt-to-equity ratio has almost doubled from 33 per cent in 1985 to 64 per cent now because of a refur-bishing programme. Measures are likely to include higher retained earn-

ings - 70 per cent of attributable profits are currently distributed - and further financing to reduce its reliance on high-interest debt. Kersaf Investments has

accepted 485 cents per share for its 21 per cent stake, but other minority shareholders, which hold 10.6 per cent between them, will be paid 650 cents per share. This compares with a market price of 585 cents before trading was

The move takes place

against the background of an industry slowly recovering from a recession which resulted from a downturn in the domestic economy combined with overcapacity in the hotel industry. Southern Sun, which caters for the middle and upper end of the market

through the Southern Sun and Holiday Inn chains, was badly

Although profits have recovered in the past two years, the outlook for the medium term is not good. Foreign tourism is picking up following the politi-cal thaw in the country, but this only accounts for about 12 per cent of Southern Sun's occupancy, currently in the region of 64 per cent. The domestic economy is in a

recessionary phase. Started in 1969, Southern Sun was built up by the flam-boyant Mr Sol Kerzner. Apart from revolutionising the hotel industry, his marriage to a for-mer Miss World and his development of casinos in nominally independent "homelands" made him a celebrity, the local equivalent of Mr Donald Trump. The group was split in 1983 with Southern Sun keeping control of domestic hotel operations - currently 54 hotels with more than 10,000

rooms. Mr Kerzner took control of the casino and resort interests in neighbouring regions under the Sun International

umbrella.

Rembrandt, the tobaccobased South African group which spun off its interna-tional interests into the Swiss-based Richemont, lifted pre-tax profits 16.4 per cent to R770.4m in the year to March, Our Financial Staff writes.

A total dividend of 25 cents per share has been declared, up from 20 cents and paid from net earnings of 144.0 cents, compared with 115.1 cents.

into Spanish hotels

By Peter Lieftinck in Dubai

ARABIAN General Investment Corp (Agico), a Dubai-based investment holding company, has bought 27 per cent of Grupo Husa, a Spanish hotel and catering group, in a deal valued at Pta5bn (\$48m).

Husa owns 11 hotels in Spain and manages or leases a fur-ther 45. The Barcelona-based company also manages hotels in Belgium and Mexico and is looking to sign new management contracts in eastern Europe, Latin America and the

It plans to use the cash raised from the sale to fund an expansion programme in Spain. The company intends to own at least one hotel in each Spanish province within two

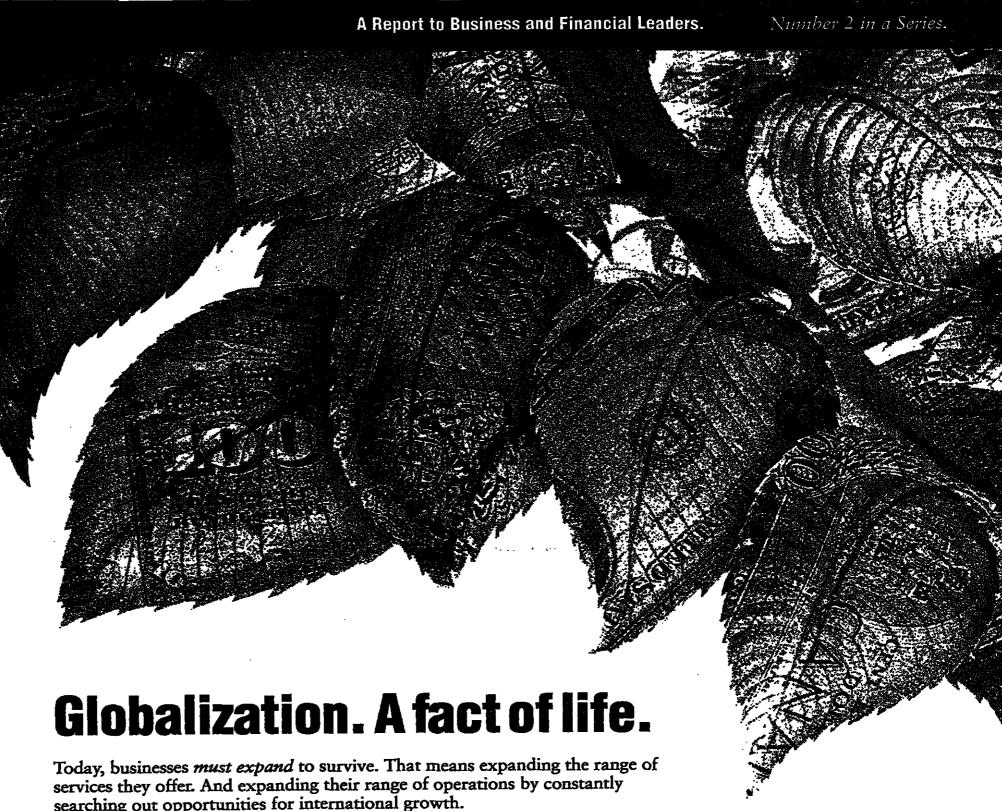
years. Husa also plans to go public with a flotation on the Spanish Stock Exchange in the

next two to three years.

The family-controlled Spanish company is hoping to bene-fit from business generated by the Barcelona Olympics and the Universal Exhibition in Seville, both to be held in 1992. Mr Juan Gaspart, Husa's presi-

Mr Juan Gaspart, Husa's president, is chairman of the Spanish Olympic Committee.

Agico has assets of more than \$100m and is quoted on the Kuwait Stock Exchange. Its principal investors include Dubai's ruling Al-Maktoum family and other private individuals in the United Arab viduals in the United Arab Emirates, Kuwait and Saudi



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In 1989, we provided close to \$1.1 billion in real estate related securities.

A Fertile Environment

To achieve these results alone says a great deal about our company. But to achieve them with a staff that represents only 1% of the total industry in Canada, says a great deal more. About our people. About our attitude. We have an outlook, an environment, that causes us to grow above the rest.

A Cultural Difference

There is a significant cultural difference between Gordon Capital and our competitors. In our complete dedication to our clients' success, we often make the ultimate commitment: offering our own capital to facilitate their transactions. This willingness to seize the opportunity on behalf of our clients, has yielded them outstanding profitability as they continue to grow.

Canada's Largest Investment Banking Group

With our real estate and merchant banking affiliates, we comprise Gordon Capital Group, having a combined capital base of approximately \$700 million.

And a combined information network that is second to none.

An International Network

Our shareholders comprise a distinguished list of pre-eminent financial institutions in strategic capital markets such as Japan, Hong Kong, the Middle East and the U.S. These diverse and strategic connections provide our clients with valuable insight into additional capital-raising opportunities around the globe.

An Established Capital Base

Our strong capital base and knowledge of the market make Gordon Capital uniquely situated to meet the demands of an increasingly global market.

And we continue to create new opportunities for our clients' growth, in all directions around the globe.

Gordon Capital Corporation

Prepared to Seize the Moment

Montréal Calgary Vancouver New York London Paris. Represented in Tokyo Taipei

- 1

DECLARATION OF DIVIDENDS

The following final dividends have been declared in South African currency, payable to members registered in the books of the

companies concerned at the close of busines	ss on 29 June	: 1990:
Name of Company (All companies are incorporated in the Republic of South Africa)	<u>Dividend</u> <u>No.</u>	Amour Per Sha Cents
Deelkraal Gold Mining Company Limited (Registration No. 74/00160/06)	15	35
Oriefontein Consolidated Limited (Registration No. 68/04880/06)	34	80
Kloof Gold Mining Company Limited (Registration No. 64/04462/06)	41	45

Doomtontein Gold Mining Company Limited, Libanon Gold Mining Company Limited and Venterspost Gold Mining Company Limited

Warrants payable on 8 August 1990 will be posted on or about

Standard conditions relating to the payment of dividends are obtainable at the share transfer offices and the London Office of the

Requests for payment of the dividends in South African currency by members on the United Kingdom registers must be received by the companies concerned on or before 29 June 1990 in accordance with the above-mentioned conditions.

The registers of members of the above companies will be closed from 30 June to 6 July 1990, inclusive where applicable.

The shares will be marked "ex dividend" in London on 25 June and in Johannesburg from close of business on 29 June.

> By order of the boards per pro GOLD FIELDS CORPORATE SERVICES LIMITED London Secretaries S. J. Dunning, Secretary

London Office: Greencoat House London, SW1P 1DH United Kingdom Registrar: Barclays Registrars Limited London, SW1P 1PL

12 June 1990

MEMBERS OF THE GOLD FIELDS GROUP



BANQUE PARIBAS

US\$400,000,000 Undated subordinated floating rate securities

In accordance with the provisions of the securities, notice is hereby given that for the interest period 13 June 1990 to 13 September 1990 the securities will carry an interest rate 87% per annum. Interest payable value 13 September 1990 per US\$1,000 security will amount to US\$21.56 and per US\$10,000 security will amount to

Agent: Morgan Guaranty Trust Company

JPMorgan



Undated Floating Rate Primary Capital Notes (Sories 3) For the six months from June 13, 1990 to December 13, 1990 the Notes will carry an interest rate of 8.475% per arruum. On December 13, 1990 interest of U.S. \$430.81 and U.S. \$4,308.12 will be payable per U.S. \$10,000 and U.S. \$100,000 representative for Couran Ma.8

CANADA TO THE STATE OF THE STAT

obasteo Bank, FLA. London, Agent Bank June 13, 1990

Nedlibra Finance B.V. U.S. \$25,000,000 GUARANTEED FLOATING RATE NOTES **DUE 1993**

Libra Bank PLC For the three months 14th June, 990 to 14th September, 1990 the Notes will bear an interest rate of 8/2 per arrum and the coupon amount per U.S. \$100,000 will be US. \$2,304.17. noel Montagu & Co. Limited Agent Bank



BANQUE PARIBAS

US\$200.000.000 Undated floating rate securities

In accordance with the provisions of the securities, notice is hereby given that for the three month interest period from 13 June 1990 to 13 September 1990 the undated securities will carry an interest rate 8%% per annum. Interest due on 13 September 1990 will amount to US\$22.04 per US\$1,000 undated security.

Agent: Morgan Guaranty Trust Company

JPMorgan



certificates of warrants of Habsburg, Feldman Holdings Ltd exercisable until June 30, 1990 Swiss value number : 993.916

ercisable between July 1, 1890 and June 30, 1961

1 warrant exercisable until June 30, 1981 for each warrant exercisable until June 30, 1990 SP: 10 - to be peld for each new warrant received from June 11 until June 30, 1990 of 1, 5, 10 and 190 warrants.

The Board of Directors

profits to

By Enrique Tessieri in Helsinki

ranes market.

KONE, the Finnish lifts and

cranes group, increased pre-tax profits to FM123.6m

(US\$31m) for the first four

menths of 1990 from FM91m for the same period last year.

Earnings per share rose to FM14.77 from FM10.30, on net

sales 22 per cent ahead at

from FM97.9m.
The group's lifts division saw sales rise to FM1.62bn

from FM1.27bn and crane sales

Sales at MacGregor-Navire, Kone's cargo access equipment division, fell slightly to FM114.4m from FM116.2m.

According to Kone, the num-

ber of new orders during the

first quarter of this year rose by 7 per cent to FM2.41bn. Kone's lifts division saw

orders rise by 9.7 per cent to

increased to FM392.8m.

U.S. \$50,000,000



Crédit Chimique

Floating Rate Notes due 1996

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from June 13, 1990 to December 13, 1990 the Notes will carry an interest Rate of 8%% per annum. The interest payable on the relevant interest payment date. December 13, 1990 will be U.S. \$425.73 per U.S. \$10,000 principal amount and U.S. \$10,643.23 per U.S. \$250,000 principal amount.

By: The Chase Manhatten Bank, N.A. London, Agent Bank

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INTERNATIONAL COMPANIES AND FINANCE

Hawke backs rebuff of Maxwell bid

By Kevin Brown in Sydney

THE Australian Government yesterday confirmed that the Australian media industry would remain virtually closed to foreign companies following the rejection of a A\$250m (US\$193m) bid by Mr Robert Maxwell, the British publisher, for a 49 per cent share in the West Australian, a Perth-based

daily newspaper.
Mr Bob Hawke, the Prime Minister, said he fully sup-ported the rejection of the bid on Monday by Mr Paul Keating, the Treasurer (finance minister), and indicated that an earlier offer by Mr Maxwell for the Melbourne Age would have been blocked if it had been acceptable to John Fair-

fax, the newspaper's owner. "We've given an indication quite clearly in the past of our attitude on these matters," Mr Hawke said. "Obviously, I'll have a yarn with Paul about it, but we've been at one in our thinking on these issues, and we've reflected that in regard to the Age previously. I would not think there would be any

reason to change that." The Treasury also dismissed criticism of the decision by Mr Maxwell, who had suggested there was no Australian legal barrier to his Mirror Group's bid for a substantial stake in the West Australian.

The Treasury said all pur-chases by foreign companies of

shareholdings in excess of 14.9 per cent of Australian companies were subject to investigation by the Foreign Investment Review Board and possible rejection by the Trea-

The Government is entitled to raise the ceiling in individual cases or in the case of industry sectors such as television, for which it recently declared a 20 per cent limit on foreign shareholdings.

However, the Treasury said
Mr Keating's suggestion that a
25 per cent shareholding was
usually regarded as sufficient
to take effective control of a company with a diverse share register had not been intended

to set a ceiling for foreign shareholdings in newspapers. The Treasury also said the Treasurer's ruling had no implications for newspapers

owned by companies controlled by Mr Rupert Murdoch. Officials said Mr Murdoch's Australian holdings had been acquired when he was an Australian citizen, and the Govern-ment accepted that he had been forced to take US citizenship because of his business

interests there. The collapse of the deal is a further blow to Mr Aian Bond's struggling Bond Corporation, which owns 74.5 per cent of Bell Group, which in turn owns the West Australian.

Winterthur reports 'very good' five months

WINTERTHUR, Switzerland's third largest insurance group, has experienced "fairly good" growth in business and "very good" financial results in the first five months, according to Mr Peter Spälti, chairman and chief executive.

Management had foreseen a slowdown in the general expansion of the insurance market compared with 1989, but expects the group to main-tain a higher growth rate than

Losses due to the storms which caused severe property damage in Europe in February and March had been largely covered by reinsurance and should not affect the 1990

Last year Winterthur posted

a 22.6 per cent advance to SFr270.3m (US\$188m) in net consolidated earnings and pro-poses to raise the dividend from SF164 to SF168 per share and from SFr12.80 to SFr18.60

per participation certificate.

Mr Spälti gave no figures for
the first months of 1990 but this year's results will be boosted by the US\$630m purchase in March of General Casualty, a Wisconsin-based US insurance group with a focus on corporate business. Mr Spēlti said General Casualty had realised a net profit of some \$40m on a premium vol-ume of around \$400m in 1989. Paying off part of the provi-sional financing raised for the General Casualty acquisition is one reason for the two-part

capital increase shareholders will be asked to approve on June 28. The first part comprises a rights issue of new registered stock at a price of SFr2.000 per share. In the second part, combined with a SF1507m warrant issue.

shareholders will be offered bonds of SFr5,000 nominal value, containing options to value, containing options to new registered stock. The con-ditions will be announced shortly before June 28. Winterthur will enter for-eigners who exercise their

rights under these offers into its shares register. Mr Spälti estimated that the proportion of stock in foreign hands could rise from just less than 7 per The purchase of General Casualty continues the international expansion that the group has been pursuing for several years. In the US, where Winterthur now has a pre-mium income of about \$1.2bn, strategy has concentrated on buying medium-sized regional insurance companies, which, Mr Spälti said, were more profitable and more easily managed than large concerns.

Last year the group's gross premium income climbed by 12.1 per cent to SFr11.6m, of which 64 per cent was generwhich 64 per term was generated by non-life operations which have been growing faster than the life business. Non-life activities contributed pretax earnings of SF1330m com-pared with SF161m from life insurance.

CanPac abandons spin-off plan Kone raises By Robert Gibbens in Montreal CANADIAN PACIFIC has cent of CP's 14m preferred FM123.6m

dropped a plan to spin off Marathon Realty, its C\$4bn (US\$3.42bn) property subsidiary, to its common shareholders, to avoid a lengthy and costly legal battle.

The decision took the market by surprise. CP had been expected to appeal against last month's Ontario Supreme Court decision that the distribution would be unfair to CP preferred shareholders since it would have reduced the asset base underlying their dividend.
But though Marathon's nationwide property assets, including valuable undevel-

FM2.3bn, while operating income increased to FM228.9m from FM165.6m. Kone, which is owned by the wealthy Herlin family, attributed the result to favourable conditions in the lifts and oped railway lands in central Toronto, will remain within CP and expressed in the market price of CP's common stock, a new distribution plan cannot However, due to a drop in orders, sales at Kone's wood division slipped to FM58.9m be ruled out. CP wanted to distribute Mar-

athon stock as part of a "poi-son pill" to ward off any hos-tile takeover bids. The group's annual meeting in May approved the plan. One Marathon share would have been distributed for every four CP common shares. CP would

have retained 20 per cent of Marathon. The distribution was fought in the courts by the Fielding family, which controls 82 per

RBC buys trust

shares. The court ruled that CP should change the terms, but also found that the preferred shareholders were not entitled to the distribution.

CP said appealing against the decision could have taken two years, creating serious uncertainties. Some analysts believe that the price of Marathon stock on the unlisted market since May 1 was disap-pointingly low at about C\$7.50. All the trades will now be can-

CP institutional holders expressed disappointment, since they were attracted by the potential extra value implied by holding separate CP and Marathon stocks. It said it would try to realise maximum values for Marathon, but its lawyers would not comment further. It did not rule out an alternative plan.
Mr Michael Graham, veteran

Mr Michael Granam, veteran CP watcher at Walwyn Mid-land Capital, Toronto, said CP management genuinely wanted to bring out the value of Mara-

They have been thwarted but they will probably try again. CP stock literally exudes hidden values and trades well below its book value of \$24 a share." He and other analysts,

including Mr Ross Cowan, of Levesque Baubien Geoffrion, Toronto, suggested CP might sell Marathon stock into the secondary markets, and with the cash pay a special dividend to common shareholders. However, this would face complex tax considerations.

1 - 1 - 1

Hudson's Bay said CP's move would not affect its own plan to spin off 100 per cent of its C\$2.5bn Markborough prop-erty subsidiary to sharehold-CP's US\$25m bid for D&H

Railway Co, the oldest running railway in the US, has been approved by a bankruptcy court in Wilmington, Dela-ware. The deal gives CP 2,735 kilometres of US track serving the north-east US and directly connecting with eastern Can-

The only hurdle left is a for mal hearing before the US Interstate Commerce Commission, which will review CP's business plan for D&H. A ruling is expected within 90 days and CP has big political and business support in its favour. CP has already reached agreement with the union involved.

CP is confident that D&H can be restored to profitablity and will be a companion to the

Soo Line it already owns.

company ahead of law change

By Bernard Simon in Toronto

ROYAL Bank of Canada, the country's biggest financial institution, has joined a recent rush for position in fiduciary

rush has position in inducaty services by agreeing to buy a Toronto-based trust company. RBC said yesterday it had signed a binding purchase agreement for International Trust Co (IT) to take effect when the federal government amends the Bank Act to allow banks to gain a footbold in the trust business.

The Bank Act amendments together with other financial sector reforms have been in the air for some time, but have been delayed by disagreement over the new rules and by pro-cedural hold-ups. RBC's move is the latest instance in the next few years where deals by past few years where deals by financial institutions have put pressure on the authorities to speed up reform.

The purchase price for IT, presently controlled by the McConnell family of Montreal, will be determined when the deal goes through. IT manages assets of C\$3bn and specialises in corporate and institutional business, including trustee and custodial services for pension funds, securities lending and pooled investment funds.

RBC said the purchase would give it "much faster access to the trust business market, when permitted, than would be possible on a *de novo* basis." It was attracted by FT's bias towards trust services. whereas most other trust companies changing hands recent-ly tilted to consumer banking. Other financial institutions which have bought trust companies include Sun Life Assur-ance, the country's biggest life office, and Manulife Financial. formerly Manufacturers Life. Canadian Imperial Bank of Commerce earlier this year concluded a similar agreement to RBC for a small, retail-ori-

ented trust company.

Carlsberg advances 7% halfway despite sales fall

By Hilary Barnes in Copenhagen

CARLSBERG, the Danish brewery group, yesterday reported a 7 per cent increase in operating profits in the half year ended March 31, although sales, adversely affected by the appreciation of the krone, declined by 1 per cent. Profits before extraordinary

items were up to DKr492m (US\$76m) from DKr460m and after extraordinary items they increased by 11 per cent to DKr569m from DKr511m. Sales were down from DKr4.71bn last year to DKr4.67bn.

Pre-tax earnings for the year are expected to be on a level with last year's DKr1.05bn, if the exchange rate situation remains unchanged, says the

interim report. Continued productivity improvements in the Copen-

hagen breweries, which include the Tuborg brand as well as Carlsberg, have helped lift earnings, says the report.
The improvement in the operating margin from 9.7 per cent in the first half of last

year to 10.5 per cent this year continues a long-term trend: since 1984-85 sales have increased by 18 per cent but operating profits have risen by

Carlsberg had no comment to make on reports that it is interested in acquiring a sec-ond Spanish brewery in addi-tion to Union Cervecera.

The Danish group is among several international brewery groups which have been approached by an investme banker concerning a possible



Floating Rate Notes due 1994

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending 10th September, 1990 has been fixed at 15.14844% per annum. The interest accruing for such three month period will be £390.12 per £10,000 Bearer Note, and £3901.24 per £100,000 Bearer Note, on 10th September, 1990 against presentation of Coupon No. 2.



8th June, 1990

Agent Bank

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MITSUBISHI METAL CORPORATION

U.S.\$300,000,000 3 per cent. Guaranteed Notes due 1992 with Warrants U.S.\$150,000,000 41/4 per cent. Guaranteed Notes due 1993 with Warrant

U.S.\$300,000,000 41/s per cent. Notes due 1994

with Warrants NLG200,000,000 2 per cent. Notes due 1993 with Warrants MITSUBISHI MINING & CEMENT CO., LTD. U.S.\$100,000,000 4% per cent. Bonds due 1992 with Warrants

Pursuant to the provisions of Clause 4 of the Instruments relating to the above issues and the rules of the Luxembourg Stock Exchange, notice is hereby given that Mitsubishi Metal Corporation ("Mitsubishi Metal") and Mitsubishi Mining & Cement Co., Ltd. ("Mitsubishi Metal") and Mitsubishi Mining & Cement Co., Ltd. ("Mitsubishi Mining & Cement") entered into an agreement for merger on May 28, 1990 (Japan time, the same is applicable hereinafter) whereunder Mitsubishi Mining & Cement will merge into Mitsubishi Metal and be dissolved, and Mitsubishi Metal as continuing corporation will assume all of the business, assets and liabilities of Mitsubishi Mining & Cement. New shares of Mitsubishi Metal will be distributed to shareholders of Mitsubishi Mining & Cement by exchange at the rate of 9 Mitsubishi Metal shares for 10 Mitsubishi Mining & Cement shares held. The new name of the continuing corporation will be "Mitsubishi Materials Corporation", effective as of December 1, 1990, subject to the commercial registration mentioned below. The 1990, subject to the commercial registration mentioned below. The merger agreement is expressly made subject to approval by special resolutions of shareholders of the two companies at the general

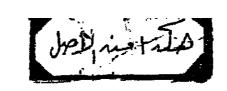
The merger agreement will be submitted for approval to general meetings of the shareholders of the two companies to be held on June 28, 1990. The merger will become effective as of December 1, 1990 if, as expected, the commercial registration requirements of Japanese law are duly completed. Such commercial registration is expected to be completed towards the end of February, 1991. As from December 1, 1990 it is expected that trading will start in those near object of of completed towards the end of reordary, 1991. As from December 1, 1990, it is expected that trading will start in those new shares of Missubishi Metal which are issued upon exchange of existing Missubishi Mining & Cement shares or upon exercise of warrants of Missubishi Mining & Cement. However, the certificates for such new shares will not be issued until the commercial registration mentioned above has taken place.

The Subscription Price now in effect for Warrants issued in connection with Mitsubishi Mining & Cement's U.S.\$100,000,000 4% per ceat. Bonds due 1992 is \\$720.2 per Mitsubishi Mining & Cement share. As a result of the merger it will be adjusted to \\$800.2 per Mitsubishi Materials Corporation share effective as of December 1,

Neither the Notes, the Bonds nor the Warrants of the above issues will be stamped or exchanged. Instead they will remain listed or Luxembourg or, as the case may be, Amsterdam Stock Exchan under the present names of the relevant companies followed by the new name of the continuing corporation, Mitsubishi Materials Corporation (or vice versa)

All further notices regarding the above issues will refer to both present and new names A complementary legal notice as well as the Articles of Incorporation of Mitsubishi Materials Corporation will be registered with the Greffe du Tribunal d'Arrondissement de et à Luxembourg in

Dated 13th June, 1990



INTERNATIONAL CAPITAL MARKETS

UK bonds race ahead as ERM hopes lift sterling

10.000 4/93 10.500 5/99 9.000 10/08

8.875 8.750

tion. For this reason, the mar-ket is expected to trade in a

narrow range for the next few days. Some analysts expect the

market to tread water for the

rest of the month in the run-up

AMSTRRDAM was prepar-

ing to auction some Fl 3.5bn to

FI 4bn in Government bonds late yesterday, which the mar-

ket expected to be priced at a level of 99.90-100. The issue was

expected to meet steady domes-

■ THE Japanese bond market

traded higher on the news that the May trade surplus declined

by 20 per cent on a yearly basis to \$3.13bn.

The benchmark 119 bond

reached a yield of 7.08 per cent, down from Monday's level of 7.14 per cent.

French bank to heighten global profile

units would specialise in financial market trading and portfo-

Although the Caisse is the most powerful player on most French financial markets, its

international activities have

The Caisse has forged links with savings bank networks across Europe during the past

year or so, to enable it to dis-tribute its investment products

FT/AIBD INTERNATIONAL BOND SERVICE

lio management.

THERE was virtually no per cent, a movement in yesterday US cent in A bond market, with Treasury in March.

to monetary union on July 1.

By Deborah Hargreaves in London and Karen Zagor in New York

THE London bond market experienced a surge at the start of trading as investors regained confidence in the UK's early entry into the exchange rate mechanism of the European Monetary Sys-

Gilts prices were boosted by nearly two points in the morning as sterling traded much higher on the foreign exchange market. The pound saw a return to levels it had experienced under Mr Nigel Lawson, the previous UK Chancellor, who resigned in late October. The Bank of England's tradeweighted index increased from 89.5 to close at 90.3 yesterday.

Month,

i) an

By lunchtime, the glits market had recovered its uncertainty as price movement hinged on political factors and the market lost almost half its early gains.

Investors in the UK govern-ment bond market still fear the outlook for inflation and see membership of the ERM as a

GOVERNMENT BONDS

way of imposing monetary discipline on the UK.

By keeping sterling firm,
membership of the ERM would help the Government fight inflation without the need for

■ THE GERMAN market was searching for direction yesterday as activity remained sub-dued and dominated by technical factors. The 10-year 8% per cent cash bond was fixed slightly higher at 99.54 - up from 99.38 - offering a yield of

another rise in base rates, they

8.82 per cent. A modest amount of domes-tic retail buying has helped

CAISSE des Depots et Consignations, the French state owned bank, plans to seep

up its international profile through New York subsidiaries

and a representative bureau in Tokyo, Reuter reports. Managing director Mr Robert

Lion said the Caisse's Credit Local de France local develop-

ment subsidiary was already active in the US municipal bond market. He said the new

Himalayan fund aims to raise \$100m **BENCHMARK GOVERNMENT BONDS**

Price Change Yield ago ago

93-80 +05/82 12.59 12.55 18.83 92-08 +19/32 11.93 11.99 12.54 84-00 +21/82 11.04 11.08 11.19

102-19 -01/32 8.48 8.43 8.65 103-05 -02/32 8.46 8.42 8.83

Technical Data/ATLAS Price Sources

In late trading, the Treasury's beliwether 30-year bond was off & point 103%, yielding 8.44 per cent. Similarly, at the short end of the yield curve the

two-year issue fell & point for a yield of 8.34 per cent. Fed Funds, the rate at which

banks lend to each other, changed hands at 8½ and there was no open market intervention by the Federal Reserve, which added liquidity to the

banking system in the previous

attributed mainly to caution ahead of a deluge of economic

data for May, starting with today's release of retail sales. The debt market will focus

particularly on the producer

price and consumer price indi-ces for May, which are consid-ered key indicators of inflation. Analysts expect May's PPI, which will be released on

Thursday, to increase about 0.2 per cent, after declining 0.3 per cent in April and 0.2 per cent

to a wider range of clients. Credit Local has linked up

with like organisations to

enable it to participate in development projects outside

Mr Lion said the Caisse had also begun to offer advice to

the former Communist coun-

tries of eastern Europe on

savings transformation, housing, markets and local development.

The lack of movement was

two sessions

No 119 4.800 6/99 87.4672 +0.314 7.07 6.83 7.03 No 2 5.700 3/07 92.9086 +0.076 8.89 6.53 8.93

FRANCE BTAN 9.000 02/95 95.8341 +0.035 10.13 10.07 9.88 OAT 8.500 03/00 91.9000 +0.010 9.81 9.74 9.60

AUSTRALIA 12.000 7/99 91.9651 -0.193 13.57 13.44 13.44

London closing, "denotes New York closing session Yields: Local market standard Prices: US, UK in 32nda., others in decimal

give a slight fillip to the cash bund market, but there is an absence of foreign participations. In late trading, the Treaties of the cash is across the board.

7,750 02/00 92,9000 -0.060 8,86 8,68 8,48

9.750 05/00 91.0500 -0.550 10.78 10.63 10.91

8.000 05/00 99.7400 - 9.04 8.97 8.81

By Deborah Hargreaves

INDOSUEZ Asia Investment Services has announced the creation of a Himalayan fund which aims to invest in India, Sri Lanka, Nepal and Bangla-

The fund, which plans to raise \$100m, is the largest launched by the investment firm and follows three closed-end Asian country funds — the Siam, Malacca and Manila funds, which are already trad-

ing.
The Himalayan fund, which will be listed on the London Stock Exchange at the end of June, is the first international fund to pioneer investment in Sri Lanka, Nepal and Bangla-

Some 25 per cent of its proceeds will be invested in those three countries, with the rest going to India.

The fund is being launched at the same time as regula-

tions are eased for foreign investment in Sri Lanka, and will be available to take advantage of investment opportunities that may open up.

The fund will be marketed to retail investors in India and

overseas. It comes as foreign investors are keen to diversify into emerging markets, particularly in Asia.

Country funds enjoyed a

surge of popularity last year, but their appeal has dimin-ished during the persistent volatility that has dogged the Japanese stock market this

Pension funds concerned over Danish life sale

By Hilary Barnes in Copenhagen

DANISH pension funds are growing increasingly unhappy at the prospect of Statsanstal-ten, Denmark's leading life tent, Denmark's leading into insurance group, falling into foreign ownership when it is privatised later this year.

The Ministry of Finance has set June 18 as the deadline for

"indicative bids" for the 80 per cent of Statsanstalten which is being put up for sale. The remaining 20 per cent will be reserved for employees and policy holders. With premium income of DKr2.9hn, the com-pany controls some 25 per cent of the Danish life insurance

All the main Danish insurance groups, including Hafnia and Baltica, are understood to sanstalten, which has assets of DKr50bn. But non-Danish interest is also thought to be substantial.

The Association of Land Sur veyors pension fund has said that if it does not have confidence in the new owners it will transfer its business else-where. "This would apply

where. "This would apply especially if the new owner was a foreign investor," said the association's Mr Karl Aage Eskildsen.

The Copenhagen Union of Journalists' pension fund has signed a new contract with Statsanstalten that runs only to December 31. The union has to December 31. The union has made it clear that this is to give it the opportunity to move its business if it does not

approve of the new owners. The Association of Land Surveyors has also said it sup ports leading opposition politi cians who have promised to take the Prime Minister to court, alleging that the privatisation process involves the expropriation of funds belonging to policy holders.

Alba seeks \$90m increase in loan

INTERNATIONAL banks have been asked to increase the size of a commercial loan to help finance the expansion of Bahrain's aluminium smelter, AP-DJ reports.

The state-owned Aluminium

Bahrain (Alba) has asked for the loan to be raised to \$650m from the original \$560m target after the credit received an enthusiastic response during general syndication.

Kuwait's Gulf Investment Corp (GIC), which is organis-ing the loan documentation, said the general syndication raised about \$280m from about 30 international banks, comfortably above the amount which had been targeted.

GIC, a member of the 11-bank consortium which is organising the credit, will contact the banks involved to seek approval for an increase. Alba wants the loan to help finance its \$1.4hn plan to raise output at the island's alumin-

210,000 tonnes a year. As well as the amounts raised in general syndication, GIC said that a special lead management group would con-tribute \$180m to the credit, while the remaining \$210m would be provided by the 11

ium smelter to about 460,000

tonnes a year from the present

German Monetary Union

Short And Long-Term Implications For International Investors

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General Meeting of Shareholders

at the same time meeting of holders of profit certificates and of previous holders of depositary receipts of N.V. MIJNMAATSCHAPPIJ

previous induces of deposition of CURAÇÃO CURAÇÃO to be held at the offices of Boekel De Nerée, advocaten/solicitor & Notarissen, P.C. Hoofistraat 5, Amsterdam, on Friday June 29, 1990 at

10.00 hours.

Holders of registered shares shall be admitted to the meeting after legitimation. Holders of bearer shares and profit certificates are required to deposit the certificates of these securities ultimately on Tuesday June 26, 1990 with Citico Bank Nederland N.V., Amsterdam. The following items appear on the agenda:

The holders of profit certificates will be asked to repeal the rights attached to the profit certificates.

The agenda and all documents relevant to the shareholders and holders of profit certificates may be examined at the offices of Citco Bank Nederland N.V., World Trade Centre, Tower B, 16th Floor, Strawinskylaan 1829, Amsterdam, free copies of the agenda and the above mentioned documents are available to shareholders at such address.

nnual accounts 1989 of N.V. MLINMAATSCHAPPIJ Curação and annual accounts 1989 of N.V. Manual Control of Control of Scotland of Control
SCI TECH S.A. SICAV 2, boulevard Royal

L-2953 Luxembourg R.C. Luxembourg B - 20058

ANNUAL GENERAL MEETING

Notice is hereby given to the shareholders, that the

of sintrehelders of SCI TECH S.A. will be held at the head office of Bunque Internationals a Luxemburg, Sociéte Ananyme, 2, begievani Royal, L-2953 Laxemburg, on Friday, Ione 29, 1990 et 3.00 p.m. with the following agenda:

- 1. Submission of the reports of the Board of Directors and of the Auditor, Approval of the Statement of Not Assets and of the Statement of Operations as at March 31, 1990;
- 3. Appropriation of net results;
- Discharge of the Directors and of the Auditor with respect to their per of duties for the year ended March 31, 1990;

The shareholders are advised that no quesses is required for the lizzus on the agenda of the Amenal Ceneral meeting and that decisions will be taken on a simple majority of the shares present or represented at the meeting with no restriction.

In order to attend the meeting of June 30, 1990 the owners of bearer shares will have to deposit their shares FIVE clear days before the neeting at the registered office of the Company or with one of the following banks:

BANQUE INTERNATIONALE A LUXEMBOURG
2, boolevard Royal
2953 LUXEMBOURG

BANK MEES & FIOPE N.V.

548 Herengracht NL - 1017 CG AMSTERDAM

LOMBARD ODIER & CIE 11, mo de la Comand CH-1204 GENEVE

The Board of Director

Lucas Industries Inc

NOTICE

to the bolders of the outstanding U.S.\$83,000,000
5% per cent. Convertible Bonds Due 2002 (the "Bonds") of Lucas Industries Inc Convertible into Ordinary shares of Lucas Industries plc (the "Company")

NOTICE IS HEREBY GIVEN to the holders of the Bonds that the Company has sub-divided each ordinary share of £1 into four ordinary shares of 25p and issued to holders of its ordinary shares warrants to subscribe for ordinary shares. Pursuant to the provisions of the Trust Deed constituting the Bonds, the Conversion Price of the Bonds has been adjusted to reflect the above sub-division and issue of warrants from 614p per ordinary share of £1 to 150p per ordinary share of 25p of the Company with effect from 11 June 1990, (the date on which the sub-division is effective and the first day of dealing in the warrants).

Copies of the circular letter to ordinary shareholders setting out e terms of the sub-division and issue of warrants can be obtained at the following addresses:

> Lucas Industries plc, Great King Street, Birmingham B19 2XF

J. Henry Schroder Wagg & Co. Limited. Cazenove & Co., 120 Cheapside, London EC2V 6DS

12 Tokenhouse Yard, London EC2R 7AN

13 lune 1990

Lucas Industries pkg

Latest prices at 8:15 pm on June 12 Essaed Bid Offer day Yield OTHER STRAIGHTS
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TODAY'S APPOINTMENTS ARE YESTERDAY'S **OPPORTUNITIES**

See the Top Opportunities page in Friday's FT. THE CENT

Sallie Mae offering meets limited European demand

By Tracy Corrigan

A \$600m issue of short-term floating rate notes for the Student Loan Marketing Association performed strongly in when issued trading, which started at New York's open yesterday. However, demand for the notes, issued globally for the first time, was said to be largely US-based.

The notes, maturing in December, were priced late Monday at a margin of 30 basis points above the three-month US T-bill, but in trading yesterday the margin tightened to about 20 basis points, as a result of firm demand.

Until now, the Student Loan Marketing Association, known as Sallie Mae, has sold its notes monthly in the US market. The trend towards global issuance, started by the World Bank, reflects an effort by certain top borrowers to achieve the broadest possible distribution of their debt, and so reduce funding costs. But there appears to be continued resis-tance among European investors to the use of the T-bill rate as a benchmark, rather than the London interbank offered rate with which they are more familiar. Some central banks, which already buy US T-bills, were said to have bought some Issues in the Italian and

Spanish bond markets met firm demand, as both sectors continue to be buoyed by strong currencies and relatively high yields, dealers said. E.I. Dupont de Nemours tapped the Eurolira market, with a L 125bn issue of 12% per

INTERNATIONAL BONDS

cent five-year bonds via lead

manager Credito Italiano. The deal met steady demand from European retail investors, to close just within full fees at less 1.62 bid.

In the Spanish matador bond market, Eurofima, the European rolling stock financing agency, brought Pta10bn of 13% per cent five-year bonds. via Banco Espagnol de Credito. The bonds were priced to offer a substantial yield pick-up above the International Finance Corporation's five-year issue, launched last week. The deal traded comfortably within

fees of 1% point. In the nascent Portuguese bond market for international investors, the European Investment Bank is awaiting official authorisation from the Portuguese authorities to launch a Esc10bn five-year bond, via lead manager Banco Totta e Acores. The Swiss market received a further fillip yesterday, when the consumer price index for May came in lower than expected at 5.1 per cent, below expectations of 5.2 to 5.5 per cent. Three new issues all performed strongly. Skandinaviska Enskilda Banken's seven-year issue via Credit Suisse was increased by SFr50m to SFr150m. The 7% per cent bonds were quoted at less 1 bid, well within fees of 2% point for co-managers. A SFr200m 10-year deal for the Province of Manitoba also met firm demand to trade at less 1 bid. within fees of 2% per cent. The deal was lead managed by Union Bank of Switzerland. A SFr150m deal for Johnson & Johnson, launched Monday via

Also in the Swiss market, Meisei Industrial brought a SFr50m five-year private place-ment, via Handelsbank Nat-West, which was placed largely

UBS, was quoted at less 11/2

A floating-rate note issue for the Bank of Greece in the D-mark sector met rather slower demand. The DM300m issue of notes, via Dresdner Bank, was priced at a margin of 35 basis points above sixonth Libor.

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NE	W IN	TERNA	TIONAL	BONI) ISSUES

		- 4				
Borrower D-MARKS	Amount m.	Coupon %	Price	Motority	Fees	Book runner
Bank of Greece(a)‡◆	300	35bp	100	1998	55/30bp	Dresdner Bank
LIRE E.I. Dupont de Nemours(b) •	125bn	12 ¹ 8	101.60	1994	15 _k	Credito Italiano
	163011	12-78		1904	<u>:-</u> -	
PESETAS Eurofima(b) ◆	10bn	13-%	100%	1995	158	Banco Espanol de Credito
SWISS FRANCS						
Province of Manitoba(b) 🌩	200	74	102	2000	2%	UBS
Skand, Enskilda Banken(b) 6	150	73	10134	1997	21/2	Credit Suisse
Meisel industrial Co.(f)★★◆	50	74	10012	1995	138	Handelsbank NatWest
YEN		-				
Metropolitan Est.& Prop(e)‡♦	10bn	25bp	100.10	1995	20/10bp	Daiwa Europe
US DOLLARS	- '					
Student Loan Mrk.Ass.(d) 14	600	30bo	100	1990	n/a	(d)
Volvo Group Finance(c) 6	118	8.96	(c)	1991	n/a	Merrill Lynch Int.

years at 100. Put option in fifth year, b) Non-callable, c) issue increased from \$100m. Issue price on additional \$18m 100.02. Fungible with existing \$150m extendible bond due 1980/2000. d) Global issue. Coupon pays 300p over bond equivalent yield of 91-day US T-bill auction rate. e) Coupon pays 250p over 3-month Libor first two coupons then 250p over 6-month Libor. One call only July 1983 at par. f) Call from Dec. 1982 at 10114 declining 14% semi-annually.

BAA sets up paper programme in US

BAA, the British airports group, is setting up a \$200m commercial paper programme in the US market, British Air-

ent, under the programme in mid-July. BAA currently finances its short-term sterling require-

issuance through the US programme will depend on favour-able conditions in the swap

ports Finance will start issuing ments through the sterling ments through the sterling paper, guaranteed by the parcommercial paper market, and appointed arranging dealer.

launches 3.5m free share issue

By Enrique Tessleri in Helsinki

HUHTAMAKI, the Finnish confectionery, packaging and pharmaceuticals group, announced yesterday it was launching 3.5m Series I free shares through Enskilda Securities and Kansailis-Osake-Pankki.

The issue is expected to generate about FM350m in capital. Enskilda Securities said the issue could be the biggest of its kind this year earmarked for foreign investors by a Finnish company. The capital generated by the

free share issue is expected to consolidate the group's equity base, as well as allow Huhtamaki to make acquisitions. The issue will also enhance the liquidity of the group's

The issue managers have the option to extend the offer by a further 500,000 free shares. The issue, which increases Hubtamaki's capital from FM409m to FM479m, will be priced on Friday. The free shares closed yesterday at

FM115. Huhtamaki, which turned in pre-tax profits of FM199m last year, is best known for its confectionery business. As the world's 18th largest sweets group it is number two in the US after Nestlé in non-choco-

late confectionery.
Turnover last year totalled FM5.5bn, of which confectionery accounted for 50 per cent. foods 21 per cent, packaging 17 per cent and drugs 11 per cent. Some 68 per cent of group sales are generated outside Finland.

This week Huhtamaki announced a rise of 27 per cent to FM105m in profit before appropriations and tax for the first four months of 1990.

Bond raises Fl 3.2bn THE 10-year Dutch state bond

launched at tender last week has raised Fl 3.25bn at an official issue price of 100.00, Reu-The issue is the sixth in the

Dutch state's 1990 borrowing campaign and follows a 10-year bullet (also at 9 per cent) launched in May.

Huhtamaki NYSE seeks unified circuit breakers

By Martin Dickson in New York

UNIFORM rules should be put in place across all US equity markets to halt trading more rapidly at times of extreme price volatility, according to a report published yesterday by the New York Stock

However, the report, which was prompted by controversy over the effects of programme trading on the equity markets, does not criticise this practice or suggest new restraints.

Programme trading involves the computer-aided rapid buying and selling of stocks and futures and options products. Critics have attacked it for creating unacceptable stock

market volatility.
The NYSE panel, headed by
Mr Roger Smith, chairman of
General Motors, and including some of Wall Street's leading

figures, recommended new mandatory "circuit breakers" which would half equity trad-

ing in all domestic markets at times of market stress. If the Dow Jones Industrial Average moved up or down 100

points from the previous day's close, trading would stop for one hour. A 200-point movement would mean a 90-minute halt, while 300 and 400-point movements would prompt a 120-minute stop.

The plan would unify the dif-

fering circuit-breakers put in place by various markets in the wake of the 1987 stock market crash and would speed up the trigger point at which these became operative.

For example, the New York Stock Exchange's current rules involve a one-hour break after a 250-point movement in the

Dow and a two-hour break after a 400-point change.

The panel also recommended that the Securities and Exchange Commission should ease its constraints on the ability of companies to buy their own shares, which would enhance liquidity at times of

market stress.

And it said the exchanges and their regulators should try to improve their ability to detect trading abuses involving the stock, futures and options

Mr Smith said that after six months of inquiry, the panel had found that "the markets are essentially stable and sound, and that they are not 'tilted' against the individual investor.

One of the Panel's principal findings was that inaccurate

information concerning trading practices and strategies had helped create mistrust of activities which were inevita-ble and desirable features of

the operation of modern financial markets. The proposals will now be studied by the ruling bodies of the New York and other exchanges to see whether a common approach can be

established. The Chicago futures markets are expected to reject the suggestion that a single federal agency oversee the setting of margin requirements - upfront payments by investors before trading - in both the equity and futures markets, and that regulatory authority over the equity and derivative markets be consolidated in one

Chicago lines up a link with Japan

Barbara Durr on the US futures markets' latest foreign expansion

fter several years of talk but no action, trading in Japanese deriva-tives on Chicago exchanges is drawing near. The Chicago Board Options Exchange (CBOE) expects to begin trading options on Topix, the broad-based Tokyo Stock Exchange index, later this

Yet, while sapanese deriva-tive products have the allure of a step toward one world mar-ket, their success is anything but certain. A large question dogs them: are they putting the cart before the horse - a derivatives market before a

cash market in the US? CBOE is in the final stages of obtaining approval for trading Topix options. An agreement with the Tokyo Stock Exchange was signed last month and the new product listing is now to be approved by the US Securities and

Exchange Commission.
CBOE chairman, Mr Alger
"Duke" Chapman, expects SEC
approval to be routine and, with other regulatory pieces of the process in place, trading could begin shortly. Mr Chap-man said the CBOE planned to launch its options in tandem with the introduction of Topix futures at the Chicago Board of Trade (CBOT). The CBOT is set to go with Topix futures.
The introduction of Topix

trading will end several years

of stalling on listing Japanese products at both Chicago futures exchanges. The Chicago Mercantile Exchange (CME), for example, was cleared for trading Nikkei index futures two years ago, but had its plans interrupted by the 1987 stock market crash. Since then, according to Mr Andrew Yemma of the CME, equity trading volumes have been down and the exchange felt conditions were still not

The largest obstacle by far to trading Japanese derivatives in the US is the lack of a simultaneous liquid cash market. Without an underlying cash market during the same trading hours, some traders and futures experts are sceptical that the Japanese derivatives will be launched.
Others believe the Japanese

derivatives will catch on over time, despite US institutional investors not having large portfolios of Japanese securi-ties. CME president, Mr Wil-liam Brodsky, suggests that a solution lies in having more Japanese companies traded on American equities markets. But, he said, given the resistance of Japanese companies to US regulations for accounting and disclosure, which must be complied with to obtain a listing this may be a long way off.
Mr Brodsky wants these
rules reviewed and said Lon-



William Brodsky: CME in talks with Osaka Exchange

don's ability to trade foreign securities gave it an enviable advantage for derivatives. Only a handful of Japanese securities are now listed in

New York and most Japanese equities trading in the US is through American depositary receipts (ADRs). Mr Hiroaki Shiraiwa, chief of Chicago trad-ing for Nikko Securities, suggested that, given that ADRs are the liveliest US mar-ket for Japanese securities, the best index for derivatives would be based on ADRs. Some 200 Japanese companies are traded through ADRs, which are bearer documents issued by US banks that give title to the underlying shares.

Without a resolution of the question of a cash market, the CME has concluded that the best way to include the Nikkei index contract is through Globex, the new after-hours electronic trading system due to begin this year. Enthusiasm for Japanese

derivatives runs higher at the CBOT. The concern over the absence of a cash market seems to bother this exchange

US government bonds are traded successfully at the CBOT at night when there is

no active cash market. But confidence in launching the Topix contract clearly has been missing. The CBOT has had it on hold since May 1988, though Michael O'Connell for the exchange confirms that the CBOT intends to launch the product this year.

The start of trading in Japa-

nese stock futures may, however, be ill-timed for a different reason. It could heighten existing tensions between the Chicago and New York markets and draw fire in the current war between the Commodities **Futures Trading Commission** and the SEC over control of stock index futures.

Despite the obstacles, the recent success of a Salomon Brothers offer of Japanese warrants has buoyed spirits at both the CBOE and CBOT.

IONDON MARKET STATISTICS

_	FT-A	CTU.	ARIE	S SI	IARE	INE	ICE	S			
	© The Financial Time	es Ltd	1990	. Com	piled	by the	Fina	ncial T	īmes	Ltd	
	in conjunction with the	e Insti	tute o	f Actu	aries	and ti	e Fac	uity o	f Actu	aries	
	EQUITY GROUPS		Tues	day Ju	ne 12	1990		Mon Jun 11	Fri Jua 8	Thu Jun 7	Year ago (approx)
Fi	& SUB-SECTIONS Igures in parentheses show number of stocks per section	Index No.	Day's	Est. Earnings Yield%	Yield%	Est. P/E Ratio (Net)	xd adj. 1990	ladex	Index	Index	Index
	·		Change %	(Max.)	(Act at (25%)	(MSD)	१० क्वास	No.	No.	Mo.	No.
]			+0.6	12.83	5.07	9.49	17.22				
3		11111.20	+0.9 +0.2	14.08	5.40 5.77	8.81	25.77				
4	Electricals (10)	2622 01	+0.8	16.91 10.84		7.70 11 34	34.64 61.43			2641.56	1633.66 2792.60
5		1803 42	+0.8 +0.3	9.60	3.94	13.48	21.38				
ĕ	Engineering-Aerospace (8)	495 44	+0.8	13.08	4.70	9.11	9.42				
7	Engineering-General (43)	500.48	+0.5	11.49	5.08	10.52	B.93		501.91		0.00
8	Metals and Metal Forming (6)	492.56	+0.1	23.E4	6.81	4.97	2.46		498.78		
9	Motors (16)	369.24	+0.9	14.98	6.14	7.79	9.81		366.53		320.51
10	Other Industrial Materials (24)	1645.62	+0.5	10.77	4.85	10.73	34.38	1637.56	1653.42	1659.16	1559.52
21	CONSUMER GROUP (179)	1317.67	+1.1	9.25	3.83	13.36	19.74				1204.86
	Brewers and Distillers (21)		+0.9	9.46	3.58	12.77	23.35				1309.65
25		1100.88	±0.7	10.28	4.32	12.06	17.76				
26	Food Retailing (16) Health and Household (15)	2507.76	+1.4	9.26	3.28	15.86		2472_38			
2/	Health and Household (15)	2602.39	+0.4	6.61	2.66	17.99		2591.14	2607.26		
31	Leisure (31) Packaging & Paper (13)	1497.19	+1.3	9.77	4.13	12.45		1477.57	1486.07		1621.62
	Publishing & Printing (16)	2574.50	+0.2	11.20	5.71	11.01	11.83	599.45	603.45		568.40
34	Stores (35)	D37 97	+1.5 +2.1	10.20 10.64	5.24 4.47	12.29 12.03	15.30	3461.61 819.81	5496.26 824.94		3535.81
35	Stores (35) Textiles (12) OTHER GROUPS (104)	516.41		12.24	6.92	10.46	16.06			827.05 512.18	790.79 528.81
40	OTHER GROUPS (104)	1192 26	+0.9	10.86	4.91	11.08		1181.08			1109.74
41	Anoncies (171	1472 02	+0.3	6.01	2.36	20.11	14.99		1681.15		
42	Chemicals (23) Conglomerates (14). Transport (13) Telephone Networks(2)	1311.67	+0.9	10.74	5.05	10.89	31.17			1303.63	1260.02
43	Conglomerates (14)	1700.72	+0.7	9.91	5.81	12.12	26.40	1688.07	1702.47		1555.38
44	Transport (13)	2270.53	+0.8	10.59	4.44	12.01	40.07			2278.75	
46	Telephone Networks(2)	1212.13	+2.0	10.76	4.54	12.09	0.00	1188.35	1196.31	1209.85	1133.83
4/	water(10)	1434.54	+0.8	17.97	7.00	6.16	0.00	1919.81	1923.32		0.00
<u>48</u>	Miscelfaneous (25)	1784 22	+0.1	12.12	4.93	9.41	36.78	1782.06	1811.32	1812.30	1608.91
49	INDUSTRIAL GROUP (482)		+0.9	10.62	4.47	11.48	18.09	1177.68	1186.39	1191_11	1132.32
51	On & Gas (18)	2300.83	+1.0	12.33	5.40	10.72	46.50	2277.85	2284.99	2287.74	2049.60
59	500 SHARE INDEX (500)		+0.9	10.85	4.59	11.37	20.39	1270.38	1279 65	1283.66	1210.08
61	FINANCIAL GROUP (107)	9ng 19	+0.6		5.63		20.36	804.21	809.81	815.59	726.57
62	Banks (9)	854 22	+0.4	19.21	6.29	6.82	25.62	851.24	860.25	870.36	723.36
	Insurance (Life) (7)	1431.34	+1.1	17.23	5.13	- 0.02	36.94	1416.26	1429.75	1435.25	1055.47
66	Insurance (Composite) (6)	705.47	+0.7	- 1	5.86	_ !	19.43	700.45	698,49	703.54	562.44
67	Insurance (Brokers) (7)	1049 80	+0.5	8.24	6.22	15.99		1044.43	1061.16		970.74
68	Merchant Banks (7) Property (47)	451.67	+0.3	- [4.39	- 1	8.55	450.38	452.54	446.56	331.79
69	Property (47)	1094.09	+0.8	3.22	4.29	15.60		1085.37	1093.48	1100.50	1286.74
	Other Financial (24)		+0.9	12 11	6.24	10.78	5.96	304.55	305.21	305.32	361.94
71	Investment Trusts (67)	1222.27	+0.6	- 1	3.18	- 1	15.14	1215.26	1222.47	1226.25	1141.14
91	Overseas Traders (5)	1428.95	+0.4	9.72	6.40	12.33	43.49	1423.34	1425.69	1412.14	1281.36
99	ALL-SHARE INDEX (679)	1168 08	+0.9	-	4.71		20.15	1158.15	1166.01	1170.69	1090.77
		index No.	Day's Change	Day's High (a)	Day's Low (b)	J#6 11	Jua 8	Jun 7	Jm 6	Jun 5	Year ago
	FT-SE 100 SHARE INDEX4			2379.2							
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	FIX	ED I	NTE	RES	r			AVERAGE GROSS REDEMPTION YIELDS	Tue Jun 12	Mon Jun 11	Year ago (approx.)
	PRICE INDICES	Tue Jun 12	Day's change %	Mon Jun 11	xd adj. today	xd adj. 1990 to date	1 2	British Government Low 5 years	11.19	11.22 11.02	10.05 9.74
2 3 4 5	5-15 years Over 15 years irredeemables All stocks Index-Linked	115.42 121.43 123.69 141.15 121.39	+0.65 +0.88 +0.27 +0.53		0.30 - - 0.17	5.77 6.36 5.72	8 9 10		10.88 12.20 11.37 11.01 12.29 11.61 11.24 10.88	10.95 12.31 11.48 11.10 12.40 11.73 11.34 10.91	11.27 10.26 9.79 11.38 10.46 9.97 9.53
7	Over 5 years	145.82 138.62 139.05	+0.42	145.65 138.25 138.69	0.20	1.49 1.72 1.70	13 14	Inflation rate 5% Over 5 yrs. Inflation rate 10% Up to 5 yrs. Inflation rate 10% Over 5 yrs. Over 5 yrs. Seeks & 5 years	4.13 4.12 3.%	4.16 4.16 3.99	3.83 3.21 3.67
Ī	Vebentures & Loans Preference	98.15 73.84	-0.06 -0.07	98.21 73.89	-	5.64 3.09	16 17	Leans 15 years 25 years	12.96 12.95	12.98 12.97	11.72 11.36

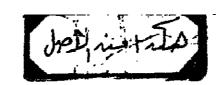
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Non-trading items help Hazlewood advance Unilock set to invite bids as

By David Owen

helped Hazlewood Foods, the Derby-based food manufacturing group, to offset sharply increased interest costs and report a 28 per cent advance in pre-tax profits for the year to March 31.

The increase - to 257.1m on turnover of £576.7m against respective figures of £46.5m and £453.7m in 1989 - was broadly in line with City expectations. The shares, however, were hit by concern over the underlying trading performance and fell 8p to 144p.
Hazlewood also announced

that it was negotiating a management buy-out for most of its confectionery and snacks division, which made an operating profit of 26.5m on turnover of 285.9m.

Analysts estimated that the Analysis estimated that the unit is worth £50m-£70m. Though a disposal would have the side effect of reducing Hazlewood's high gearing, Mr Peter Barr, chief executive, said the principal rationale behind the move was "because we believe we would be much better off if we could clearly dentify where we are going."

Net interest payable soared more than five-fold to £10.8m (£1.9m), partly due to the com-

pany's misreading of European interest rate trends. We were not expecting conrinental interest rates to increase as much as they did", said Mr Dennis Jones, corpo-rate development director. The

THE STOCK EXCHANGE has

offered to restore the listing of shares in Bremner, the

company which owned a Glasgow department store. The shares were suspended at 70p

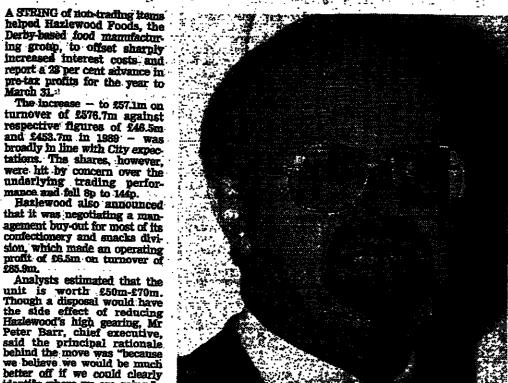
on June 1. The suspension came ahead

of the expected convening of

an extraordinary general meeting requisitioned for June 29 by a group of share-

cemographic statistics.

By Andrew Bolger



Peter Barr: principal rationale behind confectionery disposa was to help the group identify more clearly where it was going

group's borrowings have been 31 were £124m, leaving the principally in guilders and company highly geared at 121. D.Marks, in deference largely per cent to the importance of its Dutch Non-trading items amounted and German income streams. Non-trading items amounted to £8.6m, against £4.4m in 1989, Net borrowings as at March with the largest contribution.

holders who are seeking the Jones chairman, and the rest replacement of the company's of the board with four direc-board.

cial community.

The Exchange said yester-day that those seeking the EGM had not yet issued a cir-cular to shareholders prior to the meeting. The future inten-tions of the proposed new directors had not been pub-lished.

The Exchange said that fol-

lowing an appeal to the Com-mittee on Quotations it had been decided that the com-

pany's listing could be restored for the remainder of

the period of notice of the EGM following publication of a circular approved by the Exchange before issue:

The committee has required

the company to issue such a circular on or before June 18 and said it must include: the

company's current plans and intentions for its future busi-

ness activity; the company's

Bremner listing may be restored

Bremner's principal asset is about £5.5m in cash, the proceeds of the sale of the Glas-

gow store. A group of share-holders accounting for more than 40 per cent of the com-pany's equity has requisi-tioned the EGM to vote on

replacing Mr James Rowland-

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ing the lessons of London Life and UK Provident. Strength and

Haziewood Foods Share price (pence) 140

coming from a £3.2m compensation claim against minority shareholders of a Dutch subsid-

Other constituent parts were 224m from the profit and disposal of businesses and assets, 21.7m from a sale and leaseback and 21.3m related to the depreciation of overseas plant. "We tend to look towards nontrading items covering our interest costs", said Mr Jones. Frozen foods was comfortship the group's largest divi-sion, generating operating profit of £29.2m on turnover of £223.6m. This was followed by groceries with a profit of £10.1m on turnover of £87.2m, confectionery and snacks, £6.5m on £85.9m, and fresh foods; £9m on £77.7m.

cent of turnover from outside the UK and the Irish Republic - up from 24 per cent in 1989. It said that it was interested in making a strategic acquisition in France but that it now had "the manufacturing base to give us very sustained growth with what we have." Earnings per share climbed 17 per cent to 19.78p (16.84p). A final dividend of 3.2p is recom-

mended, making a 5p (4p) total. • COMMENT

After helping to turn Hazlewood into one of the flavours of the last decade, the City found yesterday's figures as unappetising as the smorgas-bord of fish-heads, paranips and jelly beans on the cover of last year's annual report. The greater than expected resort to non-trading items to pad out profits was probably mainly responsible. This was com-pounded by the company's high gearing level – even with interest covered 6.6 times. With most forecasts projecting flat but higher quality profits for the year ahead, the prospective multiple of 7 to 7.5 appears to carry little downside risk. Until City sentiment turns, however, the shares look like going no place fast. Prospective inves-tors seem unlikely to miss the boat, therefore, if they opt to sit out the upcoming year of consolidation to see whether Hazlewood's European ambiods, £9m on £77.7m. tions coalesce into a recognisa-The company derived 41 per ble and effective strategy.

remains at high level

By David Churchill, Leisure Industries Correspondent

MECCA LEISURE, the bingo and holiday camps group fac-ing a £537m bid from the Rank Organisation, yesterday surprised shareholders at its annual meeting with its con-tinuing high level of debt.

The company revealed that its present indebtedness was still about £440m, only slightly lower than the £460m reached when the company announced its preliminary results at the beginning of April.

It was this news which sent Mecca's share price tumbling at that time by 30 per cent and led to a general down-rat-

ing of leisure shares. Mr Michael Guthrie, chairman, said yesterday that the debt level had been expected down when we move into the summer season when our businesses generate more cash," he said. He also said that moves under way to raise up to £250m by selling some assets, including hotels, present financial position and how it is intended to employ its liquid resources; and a statement that the Exchange would bring gearing down. restaurants and casinos,

Mecca was slightly embarrassed at yesterday's meeting, held at its Hammersmith Palais club in west London, when it emerged that its recent appointment of three new directors had given it one more than its articles of association allowed.

Mecca directors below the maximum 12 allowed.

day's decision by the Take-over Panel that Rank's offer for Mecca's preference shares a pre-condition of Rank's

Mecca Leisure debt

The error appears to have been partly administrative and partly to do with the pending sale of its London casinos to existing manage-ment, which if it goes ahead would reduce the number of

Mecca is now awaiting a formal offer document from Rank which is said to be due shortly. This follows last Fridid not regard them as equity share capital. The Panel's acceptance of Rank's inter-pretation of the status of the preference shares was

has reserved the right to with-draw the company's listing following the EGM. It was also revealed that some 15 per cent of Mecca's shares closed at 88p last night, unchanged on the day. Two directors resign from Marley

By Andrew Taylor, Construction Correspondent

TWO MAIN board directors of Marley, the building materials group, have resigned following the appointment of Mr John. Castle as group managing director. Marley has recently unforced a bland days in modific suffered a sharp drop in profits as UK house sales have fullen.

Mr Keith Howell, finance director, and Mr Mike Mozon, managing director of Marley European businesses, will leave the company at the end of this month.

who joined the group in 1986, ding corporate planning and became a main board director mergers and acquisitions

of Marley last year responsible for the brick, concrete block and paving businesses.

Mr Colin James, a Marley director said: "In any reorganisation you will have at least the property of the said o one casualty. Mr Moxon having been overlooked did not feel comfortable staying with the

European businesses, will leave the company at the end of this month.

Mr George Russell remains executive chairman Mr Castle,

policy.
"This meant taking a large slice of Mr Howell's work and clearly he did not feel comfortable about that either," said Mr James. He said the company was sorry but resigned to los-ing both men.

The two directors would not

get compensation but would receive damages for breach of contract. The exact figures had to be worked out but no great

Quarto Group, the book and magazine publisher, is mov-ing from the USM to the main market.

The move will take place through an introduction sponsored by Panmure Gor-Dealings will start on June

Unilock Share price (pence) 100

route had gone out of fashion, adding: "The terms for mezza-nine finance are very high." The resulting gearing would make such a move unaccept-able. At the year end, the com-pany had cash balances of

88

1987

He said the company had e sand the company had considered looking for an agreed buyer, but its brokers, James Capel, had advised that inviting bids was likely to maximise the price obtained and the level of interest — particularly and the same constants. larly from overseas.

Some analysts expressed scepticism about Unilock's trading outlook, but Mr Rob-erts insisted that current order books were at record levels and said the company was partly protected by any downturn in new commercial property by its ability to gain business from office refurbishment.

Electron House warns of lower profits and calls for £5.1m

profits advance 65% to £3.3m

per cent of which are owned by family trusts and directors, 50

per cent by institutions and 5

per cent by Tilbury, the con-

strategy of expansion by acquisition had been frustrated

because Unilock's low share

price was likely to make any

purchase, particularly of a con-tinental company, severely dilutive of shareholders' earn-

Last year Unilock bought

complete control of a joint ven-

tureit had established in the Paris area. It is believed to

have been planning another acquisition in West Germany this spring, which was vetoed by family directors who objected to the high p/e ratio of the company involved.

about the "costs and parapher-nalia" of having a full stock market listing. He said that for all the benefits it had brought

the company, Unilock would have been better staying in the over-the-counter market, from

which it graduated in 1986. The fact that Unilock was up

for sales came as news to the institutional shareholders, who

were not consulted in advance.

A spokesman for Scottish Am-cable, which holds 7 per cent, said: "We were surprised by the announcement. We would

like to fix up a meeting with

Asked if the company had

considered a management buy-out, Mr Roberts said that

He said the company's stated

struction group.

THE BOARD of Unilock the company's shares, some 40

Holdings raised a few eyebrows in the City yesterday by report-

ing a 65 per cent increase in

pre-tax profits, revealing its

lisgust with the stock market

and inviting bids for the com-

Shares in the group, which makes and installs office partitions, yesterday opened at 62p

— 1p below the level at which

they were placed four years

ago. The announcement rapidly pushed the price up to close at 81p, which values the

Mr Ken Roberts, chairman, said directors on behalf of

shareholders were seeking bids for the company because the disappointing share price and high interest rates were major stumbling blocks to growth by

He said: "Over the last two

years the group has seen sub-stantial growth in profits but,

although profits are excellent, the shares have not been re-

rated to reflect the group's achievements, mainly as a result of stock market condi-

Unilock's pre-tax profits rose to £3.3m (£2m) in the year to March 31. Turnover was 41 per

March 31. Turnover was 41 per cent higher at £33.8m and earnings per share increased by 70 per cent to 9.75p (6.74p). The final dividend is 2.6p to lift the total by 54 per cent to 4p (2.6p). Mr Roberts partly blamed Unilock's depressed price on the lack of liquidity in small commany shares. He said there

company shares. He said there was practically no market in

company at £18.7m.

acquisition.

By Vanessa Houlder

ELECTRON HOUSE, an electronic component distribu-tor, yesterday announced a £5.1m rights issue to reduce its borrowings and strengthen its capital base. The rights issue, on a two-

for five basis at 70p per share, has been underwritten by UBS Phillips & Drew. Electron's share price rose from 60p to

appointing and did not justify a further injection of capital, it said. As a result, shareholders of Electron House Inc have decided to seek a merger.
The company estimated that

its pre-tax profits for the year to May 30 would be at least £4m, compared with £4.82m for 1989. in the absence of unfore-69p. seen circumstances, a final dividend of 3.1p would be recomits US associate, Electron mended, making a total of seen circumstances, a final div-

House Inc, continued to be disappointing and did not justify a further injection of capital, it mated to be about £7.8m, an increase of 22 per cent, from which will be deducted £700,000 of losses from the US associate and interest of about £3.1m

(£1.5m).

The proceeds of the rights issue will be used to reduce borrowings, finance the addi-tion of new franchises and enlarge the group's interests in

Liquidation for Stock Group CI

DIRECTORS OF Stock Group following an injection of capi- the Jersey-based subsidiary.

The move comes less than a

Ouarto heads

for full

quotation

week after its parent, Stock Group, the stockbroking arm of British & Commonwealth Holdings, was brought back from the brink of insolvency

administrators.
"Our clients' money is tied up with the merchant bank and they can't get hold of it",

to take the necessary steps to place the business of the company into liquidation.

easary when "a few million companies and not the offshore pounds" of Stock Group's capital was trapped by the freezing the David Waters of Ernst & of the assets of British & Com-monwealth Merchant Bank by

Young (Jersey) has agreed in principle to act as liquidator. Stock Group (Channel Islands), which employs about 40 peo-ple, was formerly Hoare Govett (Channel Islands).

BOARD MEETINGS

The Royal Bank of Scotland Group plc.

US \$350,000,000 UNDATED FLOATING RATE PRIMARY CAPITAL NOTES

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the Interest Period from 13th June 1990 to 13th December 1990, the Notes will bear a Rate of Interest of 8%% per annum. The amount of interest payable on 13th December 1990 will be US \$435.26 per US \$10,000 Note and US \$10,881.51 per US \$250,000 Note.

AGENT BANK: CHARTERHOUSE BANK LIMITED



LORAINE GOLD MINES, LIMITED

Reg. No. 05/39139/06 An Anglovael Group Company incorporated in the Republic of South Africa.



RATIONALISATION PROGRAMME

Mambers are informed that in view of the low prevailing gold price coupled with rapidly escalating costs, it has become imperative to introduce a rationalisation programme almed at reducing total costs and to minimise the extent of future losses. The effect of this programme is that, over and above normal autilion, some 6% of the labour force of approximately 10 000 employees is to be retrenched over the next four months. This will be concurrent with a reduction in milled throughput of some 10% to approximately 120 000 tons per

Every effort will be made to minimise the number of retrenchments by placing affected employees on other mines both within the Angiovael Group and elsewhere.

JOHANNESBURG 12 June 1990

Vosper Thornycroft up to £12m and sounds optimistic note By Vanessa Houlder

Holdings, the warship builder and engineering group, yester-day announced a 16.7 per cent rise in pre-tax profits from £10.3m to £12m for the year to

The company sounded an optimistic note about its future, suggesting that Government defence cuts would affect minehunters less than larger combat ships.
"The Gulf war showed the

ease with which mines can be used to disrupt defences and obstruct shipping lanes. We believe the Royal Navy will require minehunters or their derivatives to be at constant operational readiness," it said.

Events in eastern Europe would also bear less heavily on Vosper Thornycroft than other defence suppliers. "Our markets abroad are not directly influenced by the superpowers, being principally related to regional politics and the need of our customers to maintain a deterrent against potential

adversaries in their territorial waters," it added. In the shipbuilding division, work on the first five Sandown vessels for the Royal Navy and the Saudi minehunter pro-gramme was on schedule. Prospects for its future work-

load are good, Vosper said. It

has been invited to tender for up to seven more Sandown

VOSPER Thornycroft class minehunters for the Holdings, the warship builder and engineering group, yesterday announced a 16.7 per cent rise in pre-tax profits from Brunel would be secured soon. Year-end cash balances rose by £8m to £35m. Mr Roy Withers, chairman, said acquisitions were planned to broaden the base of the company.

Earnings per share increased from 21.6p to 25.2p. A final dividend of 6.75p is proposed, making a total of 9.875p (8.5p) for the year, an increase of 16 per

• COMMENT

As a small company in the defence sector, Vosper Thorny-croft's shares have been doubly unfashionable of late. In the past ten months they have slithered down from a high of 270p to stand at 228p yesterday, up 7p on the day. Assuming it makes pre-tax profits of £14m, that puts the shares on a prospective p/e of 7.5. At that level, it seems that the shares have been unfairly overlooked. The company has an order book of 2500m, giving it clear visibility for the next three to four years. The outlook for further orders also looks reasonably good.



Roy Withers: acquisitions planned to broaden base

UK defence budget. Vosper Thornycroft's future will also depend on the success of its acquisition plans. It hopes to lessen its dependence on ship-There is continuing demand in the Middle and Far East and minehunters seem likely to be a relatively resilient part of the building from two thirds to a third of its business.

GUYOMARC'H

STRONG EARNINGS GROWTH IN 1989

The Board of Directors of the Guyomarc'h Group, chalred by Mr. Michel Vermersch, met to review the dated financial statements and approve the parent company's financial state

(FRF million)	1988	1989	96
Total sales	6 80L3	7 846.3	+ 15.3
of which : export sales	I 922.1	2 633.7	+ 37.0
Total consolidated net income	8L7	116.3	-
of which attributable net income	85,7	114.9	+ 34.0
Group interest in non-recurrent* exceptional profits		40.4	ļ
Attributable net income, including non-recurrent except, profit	85.7	155.3	
Depreciation	125.9	135.8	+ 7.8
Consolidated funds provided from operations			
(cash flow)	207.6	252.1	+ 21.4
Capital expenditures	196.9	240.3	+ 22.0

 Incidence of the disaster that occurred at Lérial in September 1989. Sales in the Animal Feed Division increased 13.7% in 1989. Earnings were also up, though gains were penalized by difficulties encountered by our Brazilian subsidiary owing to economic conditions in that

Growth In the Consumer Products Division (Père Dodu) was particularly concentrated in further-processed products on European markets. The division reported strongly improved earnings. The Pet Foods Division (Royal Canin) made further gains in Europe while consolidating its positions worldwide (U.S.A., Japan, Mexico, etc.). Profit levels remained high.

Sales in the Industrial Products Division were up approximately 20%, and earnings were satisfactory. The Guyomanc'h Group is pursuing a policy of external growth, mainly in Europe. Several acquisitions initiated in 1989 were completed in 1990. They include Nagur (W. Germany), acquired by Royal Canin; Perimax in the United Kingdom, acquired by Diana; and Cofna, acquired by Guyomarc'h Nutrition Ani-

At the annual Shareholders meeting to be held at company headquarters on June 27, 1990, the Board of Directors intends to propose a net dividend of FRF 4.80 per share, or FRF 7.20 including tax credit. The equivalent figure for last year was FRF 6.

Expenditures on research, new product launches and improved manufacturing productivity are expected to maintain earnings growth in 1990, in line with recent performance. The Group will also benefit from the experience of Compagnie Financière Paribas, its new majority shareholder, and intends to rapidly build up a wider market in its shares.

CEI to sell

components

management

CAMBRIDGE Electronic

Industries, the electronic engl-

neer, is to sell its components

subsidiaries to a group formed

by their management for up to

A separate property sale and the likely divestment of CEI's

51 per cent stake in Varelco, a

connector company, to its joint

venture partner are expected to bring the proceeds from the

group's disposal programme to

The company said in March

side to

By David Owen

44. . . all areas of the Group's activities contributed to the improvement in profits with financial services leading the way. "

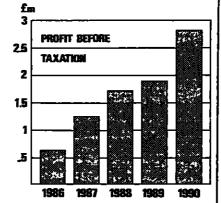
Derek Coombs - Chairman

The following are extracts from the circulated statement of the Chairman

- * The results for the year to 31 January 1990 have proved to be one of the most satisfying in recent years with pre-tax profits up by 50% to £2.8m on sales up to £43m.
- Earnings per share increased by 60% to 17.80p.
- * A final dividend of 4.5p is recommended (1989: 3p) making 6p for the full
- * This performance has been achieved entirely through internal growth and without acquisition, yet resulting in a commendable increase in
- * The quality of our credit is, we believe, without equal in our trade and a major factor in our profitability performance.
- Current trading is most encouraging.

From the 1990 Annual Report

- * PRE-TAX PROFITS UP 50% to £2.8m
- ★ FINAL DIVIDEND UP 50%
- * EARNINGS PER SHARE UP 60%



For a copy of the 1990 Annual Report & Accounts write to: The Secretary, S&U Stores PLC, 51/53 Edgbaston Street, Birmingham B5 4QH

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THE QUARTO GROUP INC. (Incorporated with limited liability under the laws of the State of Deloware, US)

Introduction to The Stock Exchange

sponsored by

Panmure Gordon & Co. Limited

Share Capital The following table summarises the authorised and issued share capital of the Company:

Issued and fully paid

Authorised US\$2,200,000 US\$ 521,259

Shares of common stock of par value US\$0.10 each US\$1,358,701.50 8.75p (net) convertible cumulative redeemable shares of preferred stock of par value US\$0.10 each US\$ 521,258,70

of high quality illustrated books. Details of the above mentioned shares are available in the Extel Statistical Services. Copies of the

Quarto conducts an international business whose principal activity is the creation and marketing

Listing Particulars are available, for collection only, during normal business hours up to and including 15th June, 1990 from the Company Announcements Office, The Stock Exchange, 46-50 Finsbury Square, London EC2A 1BD, and during normal business hours on any weekday (Saturdays excepted), up to and including 27th June, 1990 from:

> The Quarto Group Inc., The Old Brewery, 6 Blundell Street, London N7 9BH.

Panmure Gordon & Co. Limited 9 Moorfields Highwalk, London EC2Y 9DS.

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UK COMPANY NEWS

Clare Pearson reports on the mixed fortunes of two brewers

Marston ahead 16% to £17.35m

MARSTON, THOMPSON and Evershed, the Burton-based brewer, reported a 16 per cent rise in pre-tax profits to £17.35m in the year to end-March, achieved on turnover up from £79.54m to £92.13m.

Earnings per share rose to 13.16p (11.29p). A final dividend of 2.91p (2.42p) makes a total of 4.02p (3.36p).

The main factors behind the

profits rise were a good increase in retail trading profits, a £500,000 uplift in the interest receivable figure, and increased sales of Pedigree, Marston's cask conditioned bit-

Marston also enjoyed an extra 53rd week's trading. However, the company also moved some capital expenditure items into last year which evened out the effect of this, Mr Michael Hurdle, the chairman, said.

Beer volumes, which rose by 5 per cent, were mainly boosted by a cross-marketing agreement struck in December

1988 with Whithread whereby the bigger brewer sells Pedigree and Marston retails Heineken and Stella Artois lagers. "I believe this policy of form-

ing strategic alliances with

other brewers for distribution is well founded," Mr Hurdle Following the recent govern-ment order that each of the big brewers will have to allow its tenanted pubs to sell a "guest" cask-conditioned beer in addi-

tion to its own brands, Pedigree is now on a list sent to tenants nationally by Allied. Bass lists it on a regional Managed houses traded well ahead of expectations and retail trading profits for the year increased by over 50 per cent. This was achieved in spite of closing 20 houses during the March quarter for

refurbishment. During the year

28 managed houses were

altered, and 27 transferred from tenancy to management.
Mr Hurdle said capital



Michael Hurdle: policy of forming alliances well founded

expenditure totalled £20.7m during the year, up from £12.5m. Property profits pro-vided £739,000 (£952,000). Net interest receivable stood at £1.57m (£1m).

Since the year-end, Marston has acquired 49 pubs from Ansells, the Midlands brewer.

These results were well up to expectations and reinforced the view held by Marston's band of supporters that it is one of the regional brewers most likely to emerge as a winner in the new more competitive environment thrown up by recent the Monopolies and Mergers Commission enquiry. The deal with Whithread has obviously paid off and, as tenants appear keener to buy "guest" beers wholesaled by their own big brewer, Pedigree looks particu-larly well-placed through its tie-ups with Allied and Bass. as the development of its Tavshould see pre-tax profits rise to about £19m. The shares, standing on a prospective p/e of more of 12 are quite high

that it had decided to divest its Marston also wins plaudits for electronic components interthe reorganisations it has carried out on its retail side, such ests following a review. "The sale will enable CEI to focus its management and financial ern Table outlets. Next year resources in high technology electronics", it added. Under the terms of the principal disposal, £27.4m in cash will be payable on completion enough but are worth hanging (anticipated on June 29), with a further £1.1m due on December 31 1992. Another £500,000 may be paid at a later date.

tation or other exit on the part of the investors."

The net asset value of the businesses being sold is fore-cast to be £27.9m at comple-tion. For 1989 they generated growth while a poor property market and high UK interest rates hamper its scope. Mean-while, it continues to invest heavily in its Steam brewing

The company said that was

"dependent on a successful flo-

trading profits of £4m. A conditional contract has also been signed for the sale to a US company of a New Jersey property used by one of the components businesses for its

book value of £3.6m. The sale of the Varelco interest is projected to realise "in excess of £3m." CEI said that the disposals would "vir-

15

Lack of steam as Devenish dips to £3.8m

JA DEVENISH, the West Country-based brewer, disap-pointed the stock market yes-terday when it announced pre-tax profits of £3.84m, down from £5.16m, for the six months to end-March.

This was after much lower property profits of £183,000 (£2.49m). But interest charges, though down from £2.46m to £1.61m thanks to a rights issue last year, were higher than expected. Sales rose to £42.33m

Earnings per share were down from 10.32p to 5.39p. However, the interim dividend is lifted to 1.05p (0.95p). Mr Michael Cannon, chairman, said he expected the payment for the year as a whole to reflect a continuing progressive dividend policy.

He said the policy of dispos-

ing of surplus properties was unchanged but it was difficult to predict their timing "partic-ularly in today's market". Reorganisations became nec-

essary at Seligman, the Bir-mingham wholesaling operation, during the half-year and this business was now concen-trating on developing a composite beer wholesaling busi-

The company continued to expand its Steam beer brewing interests and in April introduced two lagers and bitters in canned form.

Mr Cannon said Devenish had not changed its mind about the strategy of substan-tially expanding the number of its pubs which he had outlined when the company reported full-year results in December. But he did not anticipate

profit top £3m (£2.18m).

COMMENT Devenish was a victim of

making a further rights issue and "we do not intend to incur

heavy borrowings." Gearing currently stood at about 23 per

unfortunate timing yesterday in announcing its results on the same day as Marston, a fellow regional brewer which was able to report a much rosier picture. But from any perspec-tive the numbers would have looked disappointing and the shares, weak even ahead of the announcement, duly shed 12p to 169p. Long admired for the entrepreneurial drive of the management team from Inn Leisure which took over in early 1986, it appears for the moment at least to have run out of steam. Even supposing

NEWS DIGEST £43.27m (£36.05m) and pre-tax

equipment, filtration equip

Wardell Roberts

higher at I£2.26m

Wardell Roberts, a Dublin-

increased profits from I£1.63m to I£2.26m (£2.12m) pre-tax for the year to end-March.

Organic growth from exist-

ing businesses and a full year's

contribution from Country

Style helped turnover expand from I£28.63m to I£40.84m.

dividend of 1.76p makes a 2.86p (2.53p) total. The company's shares are traded on the USM.

Doubled pre-tax profits of

In order to sustain annual profit levels directors consid-

ered it prudent to sell proper-ties at reduced levels, and

annual profits were therefore not expected to exceed the

Although the commercial property market was currently

very depressed the company's commercial properties were yielding good rents.

State of 5.54p (2.77p).

PCT improves by

£0.15m to top £1m

PCT Group reported 1989 pre-tax profits £154,000 ahead at

£1.02m. Turnover for this USM-quoted maker and distrib-utor of power tools and lifting

gear rose from £17.15m to

At the interim stage profits were £128,000 higher when

directors said indications for the second half were promising

Earnings per share, after tax

of £244,000 (£114,000) and minorities of £24,000 (£8,000),

were 16.9p (16.7p). A proposed final dividend of 3.6p makes

New London moves

New London, an oil and gas

exploration and production company, moved into profit in

5.8p (5p) for the year.

into black

customers.

£1.91m achieved last time.

Moorfield Estates

doubles to £0.7m

A Cohen **falls 17%** to £3.51m

ANNUAL RESULTS from A ment, woven wire, wire and perforated metal products. Cohen, a manufacturer of nonferrous metal ingots and scrap reclaimer, yesterday bore out the cautious tenor of its

interim statement last October. Figures for 1989 showed a 17 per cent decline in taxable profits, from £4.25m to £3.51m. First half profits rose some 11 per cent, but directors warned then that it would be "incautious" not to be prepared for a further slowdown in economic

growth. This time around, they said the downturn in world trade in the group's market sector was "having an impact" on profit-ability. To be optimistic for the current year would be "mis-leading" they added.

Turnover improved to £104.62m (£82.01m). Earnings per 20p share dipped to 114p (139p), but the proposed final dividend is lifted to 16.5p for a total of 23.1p (21p).

Tarmac cautious on prospects for 1990

Trading in the seven weeks since the announcement of its annual results had confirmed Tarmac's caution about pros-pects for 1990, Sir Eric Poun-tain, chairman, told the annual

meeting. He added that shareholders must prepare themselves for lower profits in the construc-tion industry. The shares closed 1p lower at 244p. Sir Eric also pointed out that trading in the first half of 1989

had been exceptionally strong and had distorted the normal balance between the two halves. It was expected that the company would revert to its historic pattern in the pres-

Albert Martin profits warning

Mr Michael Kidd, chairman of Albert Martin (Holdings). warned yesterday's annual meeting that profits for the first six months of 1990 were likely to be lower than the previous year's £706,000.

He remained optimistic, however, that results for the full year would reflect some recovery from the 42 per cent downturn of 1989 and anticiwith strong expectations of improved business among assembly and petrochemical pated that the dividend for the year would be at least main-tained at 1989's reduced level

of 4p.
Albert Martin is a clothing manufacturer and importer and a major supplier to Marks

38% profit growth for Thos Locker

ished the year ended March 31 1990 with a 20 per cent rise in turnover and 38 per cent advance in profits. This general engineering. This general engineering. the second half of the year to group saw turnover reach end-March reporting annual

Thomas Locker (Holdings) fin-

taxable profits of \$1.09m (£639,000) against losses last time of \$736,000.

With earnings rising to 4.6p (3.25p) the dividend is lifted to 1.6p (1.425p) through a final of Directors said the result reflected the first full year of consolidated earnings from the 1.1p.
The group makes various types of specialised handling operating companies

Turnover was \$31.13m (\$8.68m) giving operating profits of \$798,000 (\$1.01m losses). Net interest receivable was \$289,000 (\$157,000). Minorities took \$876,000 (\$48,000) to leave nil earnings against losses of 1

F&C Smaller net asset value rises

based processor, marketer and distributor of branded and private label food products. F&C Smaller Companies reported a net asset value of 97.5p at April 30 compared with 93.4p a year earlier.

Total revenue for the year amounted to £3.98m (£3.07m).

Net revenue rose from £1.29m to £1.61m for earnings per share of L77p (1.42p). A recom-mended final dividend of 1.05p (0.9p) makes a 1.5p (1.3p) total. Directors said the company had benefited from an internationally diversified portfolio and an active approach to cur-rency and liability manage-ment its effective gearing was low and the recent debenture issue gave it "considerable fire-power to take advantage of E715,000, compared with £356,000, were announced by Moorfield Estates, the USM-quoted property group, for the six months ended April attractive opportunities" they believed would occur.

Burndene Invs tops £2m with 17% rise

Burndene Investments, the caravans, hosiery, property and finance group, turned in pre-tax profits of £2.19m for the six

months to end-March. This represented a 17 per cent advance on last year's £1.87m and came from turn-over up from £17.15m to

The lion's share of profits came from the caravan manucame from the caravan manufacturing and park operating division, which put in £1.68m (£1.28m) followed by the hosiery side, with £304,000 (£439,000). The property arm contributed £55,000 (£119,000) and finance and administration £125 000 (£230,000)

£166,000 (£30,000). The net interest charge rose to £301,878 (£227,698). Earnings per 5p share came out at 14.27p (11.92p), and the interim dividend is raised to 3p (2.5p).
Directors said the uncertain

economic conditions made it impossible to make a forecast for the second half.

National Bank PLC Westminster Notice to 7% Cumulative

Preference Shareholders

Notice is hereby given that a dividend of 2.45p per share for the half-year ending 30 June 1990 will be paid on 31 August 1990 to holders of the 7 per cent Cumulative Preference Shares (reduced to 4.9 per cent exclusive of the associated tax credit) registered in the books of the Bank at the close of business on 5 July 1990,

By Order of the Board GJPOVEY, Secretary of the Bank 41 Lothbury, London EC2P 2BP 12.June 1989

when they will provide a posi-tive contribution. Pre-tax profits forecasts for the full-year were yesterday cut from above £15m to about £12m for a prospective p/e of 10. The shares should be viewed with caution.

any pubs suitable for acquisi-tion do come its way from the major brewers, it is hard to see how it can expand itself into

interests, delaying the day

Harrison Indsfin Hazlewood Foods ...fin

Hughes (HT) § Locker (Thos) Ldn & Clyde §

PCT§.

tually eliminate net debt." **DIVIDENDS ANNOUNCED** Corres -Current payment Date of payment 17.25† July 27 Burndene Invs July 10 23.1 1.5 1.05 1.35 1.05 5 3.2 1.68 1.1 1.8 2.91 12.3 1.2 3.6 6.75 1.76 0.95 2.7 0.9 4.75 2.5 1.38 1.05 1.7 2.42 11 1.2 3.1 1.6 5.75 1.53 July 27 Oct 2 July 17 Aug 3 Oct 1

8 7.5 2: 3.5 4.65 3.7 1.3 6.85 4 2.48 1.425 5.3 3.36 15 2.75 5.6 8.5 2.53 Dividends shown pence per share net except where otherwise stated, *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM slock. •Irish currency.

July 27

Aug 24

Aug 3

(II) CARR'S MILLING **INDUSTRIES PLC**

	6 Mon	ths ended	Year ended
	3rd March	4th March	2nd Sept.
	1990	1989	1989
	£'000	5,000	£,000
Sales Less inter-company sales of	46,041	46,137	90,959
products for re-processing	6,169	6,549	8,896
Sales to external			
customers	39,872	39,588	82,063
Profit before taxation	420	760	1,073
Estimated taxation	125	222	313
Profit after taxation	295	538	760
Extraordinary item	_	_	76
Net profit attributable to			
the Group	295	538	684
F			
Earnings per Ordinary Share	4.3p	7.9p	11.1p

The Directors announce unaudited Group profits before tax of £420,000 for the six months ended 3rd March, 1990, down by 45%on the comparable period last year.

The chicken processing activity continued to trade at a substantial loss. These losses continued into the second half of the year and on the 23rd May, 1990 the Group sold to Grampian the year and on the 23rd May, 1990 the Group sold to Grampian Country Food Group the three companies (Vale Royal Hatcheries Ltd., North Country Poultry Ltd. and Ambassador Frozen Foods Ltd.) engaged in poultry hatching, processing and distribution of whole and portioned chicken for a cash consideration and loan repayment of £1.5 million. As part of the terms of the disposal the Group will continue to supply the processing company with feed for an initial period of three years. for an initial period of three years.

The Group's agricultural business had a disappointing first half with sales of cattle feed being adversely affected by the mild winter and the effects of new competition in the south of Scotland. Sales of flour and bakery products were up on the comparable period last year despite the national reduction in bread consumption, and remain very satisfactory. As a direct result of another round of discount escalation in the plant baking industry, margins were squeezed.

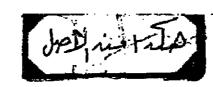
The engineering and other smaller companies in the Group all traded well.

First haif results have been adversely affected by the poultry losses and the difficult conditions in the agricultural food industry generally and also by cyclical bread discounting and higher interest payments. These factors are also likely to affect the second half performance and the results for the year are expected to be below market expectations. The withdrawel from roulity to be below market expectations. The withdrawal from poultry processing is a reflection of the Board's recently stated policy of focusing the Group's activities on its milling, baking and agricultural businesses.

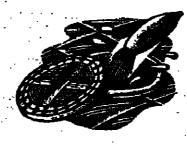
Taxation in the 1989 interim comparable figures has been restated to reflect the actual tax charge.

The Board has declared an interim dividend of 1.75p per share (Interim dividend 1989 1.75p per share) on the ordinary share capital of the Company. The interim dividend will cost £120,000 and will be paid on 10th July, 1990 to shareholders on the Register

A copy of this interim report is being posted to all shareholders and is also available at the Registered Office of the Company. Carlisle, 12th June, 1990 lan C. Carr (Chairman)

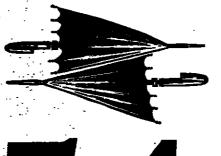


to sell ponents to



4.

The number of rivers in the City.



54.

The number of umbrellas that spend rainy days at Victoria lost property, before being collected in the evening.



8,512.

The British Hedgehog Preservation Society boasts this number of members. (So hang in there, fellas.)



37,561,291.

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Non-domestic side behind | HT Hughes 30% 19% advance at BSS

SS GROUP, a distributor of teating, pipeline and process-ng equipment, increased preax profits by 19 per cent in the 12 months to March 31, a year n which two acquisitions took he group into the difficult lomestic heating market.

Taxable profits improved rom £12.24m to £14.53m on urnover up 49 per cent to :194.22m (£130.06m). About :40m of sales came from Heaek and Labone, bought in April and September respec-

Mr Alan Milne, finance direcor, said these two were lower nargin businesses because of heir domestic bias.

An operating profit increase if 28 per cent, to £16.16m, was saten into by a more than quadrupled interest bill of Mr Milne said the acquisi-

ions had increased borrowings by about £10m, increased activ-ty had added more. Gearing risen substantially to carly 50 per cent. More than half of sales and a

nigher proportion of profit came from the original BSS UK

THE CONTINUED downturn in the retail-led textile sector meant reduced profits for Drummond Group in the year

anded March 31 1990, and the

fividend is cut.
Turnover fell from £32.78m

o £28.83m, pre-tax profits from £1.6m to £1.01m and earnings from 11.12p to 2.89p. The proposed final dividend is a lower 1.35p for a total of 2.35p (3.7p)

to conserve cash resources.

Mr Stefan Simmonds, chairman, said the worsted division

had a poor year, and was in the process of a re-equipping pro-gramme and management reor-

The knitting and bunting perations maintained good volumes, and produced "commendable figures". The South African side had an outstand-

ing year. Mr Simmonds said he was

confident the group's performance would improve signifi-cantly as the benefits of capital

Retailing setback hits

profits at Drummond

subsidiary, which supplies industrial and commercial heating and pipeline equipment. Its margins were begin-ning to come under pressure, Mr Milne said, with about 45 per cent of its business related to new building.

The downturn in building affected the Manor subsidiary rather earlier, keeping its sales flat last year, although it had increased profit. It specialises in copper tubing and fittings for heating, plumbing and building.

The smaller AMS and IVCO pump and valve businesses had seen a reasonable increase in sales, but some disappoint-ment on profit.

The group had a total of 85 outlets. Mr Milne said two more were being added and there were plans for another eight, although the programme had been slowed down.

Earnings per share increased by some 14 per cent to 47.5p (41.8p). A proposed final divi-dend of 11.5p makes a total of 17.25p (15p).
The share price gained 4p to close at 363p, compared with

and strategic changes worked

through.
In late April John Crowther

(Milnsbridge) was acquired. It is the largest vertical woollen manufacturing unit in the UK,

and a programme of reorgani-sation and market re-position-

A separate property division had been set up to maximise the return from the property

assets - seven acres in

Bradford and 22 acres in Milns-

London & Clydeside

improves to £0.77m

Profits of London & Clydeside

Holdings improved from £664,000 to £772,000 for the half

ing was in hand.

425p for last September's 1-for-10 rights issue, of which only 14 per cent was taken up by existing shareholders.

COMMENT

Although growth on the industrial and commercial side helped the group to another decent set of results, the current year will obviously be tough. BSS knew it was breaking into domestic heating at the bottom of the cycle and now its established activities are joining the new one in the trough. It says the £15m investment in Heatek and Labone should bear real fruit next year, on the assumption that the domestic side will respond first to a lowering of interest rates. Meanwhile, the difficult conditions will test the group's ability to gain market share. With a full-year contribution to growth through branch openings, pre-tax profit is expected to reach 16m, giving a prospective p/e of just over 7 - undemanding but there is little prospect of short-term

Davenport Vernon shows marginal rise

In spite of difficult trading conditions Davemport Vernon, a multi-franchise motor group,

a multi-franchise motor group, showed a marginal increase, from £1.07m to £1.1m, in pre-tax profits for the half year ended March 31 1990.

Mr Ralph Denne, chairman, said gross profit on vehicles improved only 2 per cent. But that on after sales activities rose 28 per cent and off other operations 15 per cent.

Most companies performed

Most companies performed well, with Vauxhall and Audi Volkswagen franchises being particularly strong. Results were affected by start-up costs of the new Jaguar and Honda premises in Milton Keynes and the new Toyota franchise.

Turnover rose to £46.78m (£42.92m). Earnings were 5.6p (7.2p) and the interim dividend is 1.5p.

Over the last nine months year ended March 31. Turnover of this housebuilder and property developer declined by 8 per cent to £8.41m. An interim dividend of 1.8p (1.7p) is being paid from earnings of 5.4p.

Highway Finance Holdings has purchased over 9 per cent of the company.

higher but warns of effects of downturn

HT HUGHES, the USM-quoted waste disposal and demolition company, increased pre-tax profits by 30 per cent from £1.63m to £2.38m in the year to February 28. Turnover increased from £17.21m to Mr Bob Merrick, executive

chairman, forecast a satisfactory outcome this year but warned about the effects of the downturn in building and civil engineering activity on the waste collection business. "Trading conditions at present are not particularly buoyant and no significant improvement is foreseen until the eco omy starts to pick up," he said.

Mr Merrick said that the

company was countering the downturn in work stemming from building and civil engineering — which accounts for about 35 per cent of its waste collection workload - by spreading its geographical The waste management divi-

sion showed a 43 per cent increase in operating profits to £2.05m. Following the sale in November of its commercial truck dealership, waste management now accounts for over 40 per cent of turnover and 74 per cent of operating profit.
The demolition and civil engineering business experi-

enced difficult trading conditions but increased operating profits from £191,000 to \$264,000. of 3 Hughes has opened a recycl- cent.

Poultry losses leave Carr's Milling lower at £0.42m

HIT BY poultry losses and difficult conditions in agricul-tural feed, Carr's Milling Industries saw first half pre-tax profits fall from £760,000 to £420,000.
Other factors were cyclical

bread discounting and higher interest, directors said. The second half was also likely to be affected. Last year the group made £1.07m. The profit covered the period

to March 3 1990, and was generated on turnovér of 246th (£46.14m). Since then Carr's has sold its

Bob Merrick: trading not particularly buoyant

ing plant near Fareham, which will primarily be used to recy-cle materials in builders' skips. Mr Merrick said that an initial target of recycling 10 per cent of the material was feasible,

of the material was feasible, although eventually a target of 60 per cent could be economic, if there was a substantial rise in land fill prices.

Mr Mercick said that Hughes was considering joining the main market, as he was concerned about the image of the USM following the abolition of the Third Market.

After an increase in the tax

After an increase in the tax charge to 40.6 per cent, earnings per share fell from 6p to 5.7p. A final dividend of 1.68p is recommended, making a total of 3p, an increase of 20 per cent

chicken processing activity to Grampian Country Food for a cash consideration and loan repayment of £1.5m. It will now concentrate on the milling, haking and agricultural busi-

Earnings dropped to 4.3p (7.9p) but the interim dividend is held at 1.75p.
Cattle feed sales were hit by the mild winter and effects of new competition in the south of Scotland. Sales of flour and bakery products were ahead but margins were

Sears pays House of Fraser £9m for Astral Sports chain

By Maggle Urry

HOUSE OF FRASER, the retailer privately owned by the Fayed family, is selling Astral Sports to Sears, the retail group in which it holds an 11 per cent stake

Sears is paying 19m for the chain which has 73 specialist sports shops and 19 concessions within House of Fraser department stores. The concessions will continue to operate our leadership in this area," said Mr Michael Pickard, under Sears management. Astral, which Fraser has

owned since 1977, producedtur-nover of £21m and trading profits of £100,000 in the year to end-April Sears plans to merge Astral with its Olympus chain, which

has 134 shops. Sears also owns Millets Leisure and PRO Performance shoes, and said leisure was a growth market for the 1990s. Adding Astral will "strengthen

Fraser, said the sale "makes profound business sense" and that Astral would "go on to greater things under the Clym-pus name and the Searsumbrella '

Fraser bought its stake in Sears late in 1987, with 8 percent coming from Bell Group at a price of about 145p. Sears shares closed yesterday at 105p, up 1p.

Mr Ali Fayed, chairman of

Harrison Industries up 43%

HARRISON Industries overcame difficult conditions, particularly those in the construction industry, to record a 43 per cent advance in pre-tax profits for the year to March 31

On turnover ahead to £44m (£41.5m) profits worked through at £2.9m, compared with £2.04m which was struck after exceptional charges of £865,000.

Mr Ken Harrison, chairman, said the second half had seen

in some areas. There was still work to be done before the door division was fully restored, and although the other divisions gave grounds for confidence he took a fairly cautious view of immediate

A split of the year's operating profit showed industrial doors £883,000 (£132,000), caststrengthened ings. the acquisition of Deeley's, £1.08m (£869,000), power transmission £1m (£834,000) and domestic products £341,000 (£375,000). The industrial door division

embarked on a major restructuring and the costs continued to restrict profits already affected by trading conditions Nevertheless, the door business in France and the UK made worthwhile contribu-

Earnings were 15.5p (10.7p) and the final dividend is 5p for a 7.3p (6.85p) total.

NEWS IN BRIEF

CRT GROUP has announced that of the 19.25 new ordinary shares issued in respect of its saves issued in respect to its saven-for-nine rights issue, 18.6m (96.7 per cent) have been taken up. The remainder have been placed with clients of Smith Keen Cutler at a premium of 20p to the rights issue price of 60p per share. GARDNER (DC) has acquired Philip Thorn Associates, publisher of Banking and Finan-

lisher of Banking and Financial Trading magazine, for \$200,000 cash. Pre-tax profits for the year ended March 31 were £31,795.

HANSON has, through its MW Manufactories business, acquired Missouri-based Biltbest Windows from the Di Giorgio Corp for \$8.6m cash. In the year to the end of December 1989 Biltbest recorded nat sales of \$26.6m and pre-tax operating profits of \$716,000. Net asset value at the end of the period was \$8.6m.

HUNTINGDON Internation-

HUNTINGDON International's proposed acquisition of Southwestern Laboratories (SWL) is to go ahead follow-ing granting of the necessary

approval by SWL shareholders. It is expected that the acquisition will be completed on June 18

JARVIS has acquired as a going concern the business and certain assets of Newman Shopfitters (Cleveland) from the administrator for a total cash consideration of £1.95m. The assets being acquired comprise long leasehold factory premises, plant and equipment, stocks and work in progress and good-

LEADING LEISURE: By June 8 applications under the open offer had been received from shareholders for 8,397,849 ordinary (8.9 per cent). LEX SERVICE has sold Gilbert Rice Dereham, a main Ford dealership in Norfolk, to Dereham Garage, a newly-formed company. Total pro-ceeds of the sale, excluding the freehold property which will be retained by Lex, will

be £700,000 cash. MONKS & CRANE: At the close of business on June 11 valid acceptances of the rec-

ommended offer by Reca for the company had been received in respect of 13,263,088 ordinary (74.03 per cent). Reca has acquired or agreed to acquire 3,051,487 ordinary (17 per cent) during the offer period on terms other than pursuant to the offer and as a result now owns or controls 91.06 per cent of the company. The offer had been declared unconditional and remains open for acceptance until fur-ther notice. Loan notice alternative has been closed in accordance with terms of the

OPTIM GROUP is to acquire OPTIM GROUP is to acquire Midas Systems (Midas), a proprietary software systems developer specialising in the motor trade. Optim has acquired 26 per cent of the issued share capital of Midas for a consideration of £100,000 to be satisfied by the issue of 666,667 ordinary Optim shares. The remaining 74 per cent will be purchased by Optim in equal tranches over three years.

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FT LAW REPORTS

Computer suppliers can claim rent

COMPUTER SYSTEMS PLC Chancery Division: Mr Justice Ferris: May 26 2990

THE OWNERS of equipment supplied to a company under hire purchase and leasing agreements for the purpose of its leasing business are entitled to periodical payments due to them under those agree-ments arising during the company's insolvency administra-tion; but the administrators will not be required to make the payments as and when they fall due if, owing to the comlexity of the administration, they need time to consider the company's position and to make calculations.

Mr Justice Ferris so held

when giving judgment for Nor-wich Union Insurance Group, Allied Irish Banks plc and others, funders of a computer leas-ing scheme operated by Atlantic Computer Systems Ltd. on their application for relief in respect of Atlantic's indebtedness to them during the period of its insolvency administra-

HIS LORDSHIP said that an administration order was made in relation to Atlantic on April 18_1990.

The purpose was that referred to in section 8(3)(d) of the Insolvency Act 1986, namely, a more advantageous realisation of assets than would be effected on a winding

The company's business was the leasing of computers and allied equipment to "end

Substantial funds were required to purchase the leas-ing equipment. A usual method of funding was for a third party to purchase the equipment and, through the medium of the company, to make it available to the end

There were two main methods by which the funder made the equipment available to the company for leasing.

The first was for the funder to supply the equipment to the company under a hire pur-chase agreement. The agreement usually provided for the company to assign to the fun-der the benefit of the leases to the end users.

The second method was for the funder to lease the equipment to the company on the basis that the company would sub-lease it to an end user. At the date of the administration order various sums

were owed by the company to

the funders, including Norwich Union and Allied Irish, in respect of payments under hire purchase agreements or head leases which had become due before the administration order ("pre-administration arrears"). Since the administration further sums had become due ("administration period indebt-The administrators were

continuing to receive rental payments under the sub-leases ("end user rentals"). They were seeking to work out proposals which would minimise the company's contingent liabili-ties. Pending formulation of those proposals they were not willing to pay administration period liabilities to funders.

The first question the court had to decide was whether Norwich Union and Allied Irish were entitled to receive in full the administration period hire purchase agreements or head leases. Mr Crystal for Norwich Union and Allied Irish submit-

ted that the funders owned the chattels which were the sub-ject matter of the lease or agreement. Nothing in part II of the Insolvency Act permit-ted administrators to use chattels which belonged to funders for the purpose of producing an income for the benefit of general creditors. He said that if the adminis-

trators were permitted to act in the way in which they proposed to act, the company's limited rights in the chattels would in effect be enlarged into ownership during the administration period. He drew attention to a line of cases decided in relation to

liquidation or other company insolvency, where it had been held that certain liabilities

arising during winding up or receivership were payable in full as an expense of the winding up or receivership.

In National Arms (1885) 38 ChD 474 Lord Justice Bowen said: "Persons having claims which have accrued due before the winding up must come in the winding up must come in as creditors pari passu. But on principle there is no reason why a debt properly incurred by the liquidator after com-

mencement of the winding up should not be paid in full." Mr Heslop for the administrators cautioned against reli-ance on cases decided in rela-tion to long-standing legislation concerning liquida-tions in order to interpret new statutory provisions relating to

administration orders. He submitted that the essence of the statutory torium until the creditors' meeting to be held under section 23, and thereafter while proposals approved by credi-tors were were being imple-mented and the administration order remained in force.

Part II of the act did not extinguish entitlement of pro-prietary or contractual rights. It merely restricted enforcement of entitlement while the administration order remained in force.
In considering what the enti-

tlement was, the principle of the authorities cited by Mr Crystal was applicable. The principle was that if in a corporate insolvency the liqui-dator or receiver used or real-ised property belonging to a third party for the benefit of the corporation, the proper price for use or realisation was to be treated as an expense of

the winding up or receivership and paid accordingly. That principle was based not on any provision of the legisla-tive regime governing winding up or receivership, but on the fact that this was an ordinary consequence of the use of prop-erty belonging to another, and that the legislation did nothing to relegate the claim for payment on the owner's part to that of unsecured creditor whose debt became due before

whose debt became due before insolvency.

It would be strange if a similar principle did not apply to administrations under part II of the 1986 act. It would require some express provision to expropriate the owners. Section 1000 and the context of the state of the tion 11(3) did not have an expropriating effect in the sense of taking proprietary rights or contractual rights away. It merely limited enforcement of those rights during the administration

Accordingly, if chattels belonging to a funder were used in the course of the com-pany's business or were real-ised while an administration order was in force, the funder was entitled to receive, as an expense of the administration, the payment provided for by the hire purchase agreement or

Norwich Union and Allied Irish, as owners, were entitled to receive as administration expenses payments made under the relevant lease and the purchase agreements.

The second question was whether equipment leased to an end user was "goods in the company's possession under any hire purchase agreement" within section 11(3)(c) of the

The section provided that during the administration period no "steps" might be taken to enforce security over the company's property, or to repossess goods "in the com-pany's possession under any hire purchase agreement", except with the administrator's

consent or leave of the court. The end user had physical possession on its own behalf and for its own purposes. So long as it paid the rent and complied with the terms of the sub-lease, the company could not recover possession during not recover possession during the lease period. It could not be said that the chattels were in the company's possession within section 11(3)(c).

The third question was whether leave ought to be granted under section 11(3)(c) to take certain "steps" contem-plated by the funders to put them in a position to obtain payment of the amounts to which they were entitled, as they became due. Allowance must be made for the fact that this was a very

large and complex administration where many uncertaintles remained. The administrators remained. The administrators ought to be given an opportunity to consider the position and make appropriate calculations and other decisions in the light of what had been decided on the first question.

In those circumstances the court did not direct the administrators to make payments as they became due. They were at liberty to do that without the court's direction if they thought it appropriate.

At the present stage the court would not give leave to the funders to take any steps for which leave was required under section 11(3). It did not however, dismiss the applications for leave. It adjourned them with leave to restore.

The fourth question was whether Norwich Union was entitled under section 27 of the act to discharge of the admin-istration order on the ground that the company's affairs were being managed in a man-ner unfairly prejudicial to Nor-wich Union. Prejudice was not established. The petition was

For Norwich Union: Michael Crystal QC and David Mabb (Allen & Overy) For Allied Bank: Michael Crystal QC and Richard Adkins (Wilde Sapte) For the administrators:

Philip Heslop QC and Victor Joffe (Cameron Markby Hewitt) Rachel Davies

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EAST RAND PROPRIETARY MINES, LIMITED RAND MINES (Incorporated in the Republic of South Africa) (Company Registration No. 01/00773/06)

The board of directors of this company has decided not to declare a dividend for the half year ending 30 June 1990. By order of the Boord, RAND MINES (MINING & SERVICES) LIMITED, Secretories, per E L SMITH.

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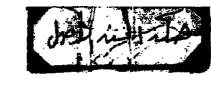
The Financial Times proposes to publish this survey on: 26th June 1990

For a full editorial synopsis and advertisement details, please contact: Patricia Surridge on 071-873 3426

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FINANCIAL TIMES

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TECHNOLOGY

The merger early last year between Novo and Nordisk, Denmark's two leading pharmaceuticals companies, presented research managers at the two groups with an opportunity and with a prob-

The newly formed Novo Nordisk could afford to push greater resources at the central issues in healthcare research and development.

At the time of the merger, however, there was substantial overlap between the R&D activities of the two businesses, particularly in diabetes, an area where the companies were among the world leaders. This necessitated a substantial reshaping of the combined research programme. Last year Novo Nordisk reported sales of DKr7.3bn

(\$1.1bn). Of this DKr4.9bn came from pharmaceuticals. That makes the company a relative minnow in the world's \$150bn-

a-year drugs industry.

To make up for the company's lack of overall size it has chosen a directed strategy aimed at specific product areas in which R&D is highly important. "A company like ours can coly syrving if the company can be a survive and the company of the company like ours can be a survive and the company like ours can be a survive and the company like ours can be a survive and the company like ours can be a survive and the company like ours can be a survive as the company lik only survive if it can bring out innovative products," says Mads Ovlisen, Novo Nordisk's joint managing director, who prior to the merger was in charge of Novo. In diabetes, Novo Nordisk is

the world's second biggest supplier of insulin, an important hormone used for treating peo-ple with the disease. Eli Lilly of the US is the market leader. Novo Nordisk has another important product area in industrial enzymes, a field in which it is the world's largest company. Enzymes, in which only Novo of the two premerger companies had an involvement, are proteins based on naturally occurring organic molecules. They help chemical reactions in a num-ber of industrial areas including agriculture, waste treatment, food processing and

Enzymes add up to a \$600ma-vear business in which Novo Nordisk accounts for half the total sales, Important competi-tors include Genencor, a joint venture between Cultor of Finland and the US's Eastman Kodak, and another partner-ship between the Royal Dutch/ Shell oil group and Gist-Bro-cades, a Dutch chemicals com-

This year Novo Nordisk is spending about DKrlbn on R&D, roughly two thirds directed towards healthcare and the rest on enzymes. The

Peter Marsh observes how Novo and Nordisk reshaped their R&D centres when they joined forces

A double dose of resources

two research fields are to some degree-complementary. Much: of modern drugs research, and ways of making new enzymes, is linked to biological studies in which new chemicals are

in which new chemicals are built up by manipulating fragments of genetic material.

Before the merger, Novo employed about 1,500 in R&D and the substantially smaller Nordisk about 300. But of the 1,800 or so who work in the combined Novy Nordisk 28.0 combined Novo Nordisk R&D divisions, roughly half do sig-nificantly different jobs compared with their pre-merger activities.

Novo Nordisk		
1989 revenues	(DX	r bn)
Diabetes division		
(mainly insulin)		3.86
Non-diabetes healthcare		1.05
industrial enzymes		2.16
Other		0.26
Total		7.33
1989 R&D spending	(DI	(r m)
Diabetes		198
Industrial enzumes		277

Growth and blood products.. 267

Brain disorders.

Other healthcare.

Many of the changes in job functions have involved build-ing up the enzymes research. There has also been a new thrust in areas of medicines outside diabetes where prior to the merger the effort by Novo and Nordisk was relatively small. These newer areas where the company is keen to build up strength include work in brain-related disorders and also drugs aimed at conditions which cause stunted growth in children. The table gives a breakdown of spending on R&D in the different areas of the company.

Despite the swapping of functions to accent other areas

outside diabetes, this illness remains a challenge for Novo Nordisk. This is in line with the hig problems the disease is causing in many countries. An estimated 3 per cent of the population of many developed nations are thought to have some form of diabetes. The disease mostly manifests itself in ease mostly manifests itself in a mild form in which people are forced to modify their diet to keep symptoms in check. In severe cases, sufferers have to take daily doses of insulin to cut down on excess sugar in their blood.

Novo Nordisk has taken a lead in developing what amounts to the "human inter-face" side of diabetes. This involves designing special insulin pens with which insulin-dependent diabetics inject themselves with the chemical in as non-obtrusive way as possible, so not requiring the use of messy and cumbersome

The R&D function at Novo Nordisk is presided over by Ulrik Lassen, chief scientific officer, and Bruno Hansen, vice president for corporate research Lassen, former head of research at Novo, has over-all responsibility for R&D and is assisted by Hansen, who had the top research position at Nordisk

In some ways, says Hansen, combining the two R&D divisions led to relief for the two sets of research workers in diabetes. Being physically close to each other in laboratories in the Copenhagen area, the Novo and Nordisk workers used to discuss scientific matters. But corporate loyalties meant they had to be guarded

on commercially sensitive points. This often led to frus-tration. "In the old days the discussions had to stop just when they were becoming



interesting." says Lassen. The reshaping of the research programme has taken up much of the past year and emphasised several elements:

Linking of research with commercial divisions. The 1,800 R&D workers were split into three groups: corporate research, which comprises mainly the longer-term aspects of drug studies such as theoretical work in genetic engineering; enzymes; and both diabetes and non-diabetes aspects of healthcare. Roughly 600 research people work in each of the three divisions, with those in the last two firmly linked to the marketing operations of the enzymes and pharmaceuticals parts of the company. This organisation stressed the idea of research stressed the idea of research staff working alongside manag-ers in other units of the company rather than in isolated No redundancies. Though

some employees would be rede-ployed. "We had two of the world's finest insulin research teams," says Ovlisen. "We were not going to let any of them go."

 Sorting out overlap. Some of the work in diabetes in the smaller Nordisk research team duplicated what was being done at Novo. This was attacked largely by transfer-ring some research workers from Nordisk's diabetes group into the new company's industrial enzymes department. Some of Nordisk's skills in biotechnology-related areas like genetic engineering were useful here. • Redirecting research towards new goals. Novo Nor-disk took the opportunity of

the merger to focus some work at new areas, especially in the non-diabetes areas of pharma-ceuticals in which the company perceived new market opportunities. Thus it has stepped up the numbers working on human growth hor-mone, a protein based on a natural chemical which can combat growth deficiencies. A number of other companies including Genentech of the US, KabiVitrum of Sweden and Ares Serono of Switzerland, already sell this chemical but Novo Nordisk reckons it may have a big part to play. Stopping some projects.
 "We had a chance to do a certain amount of weeding," says
 Lassen. Especially in diabetes, a number of projects both at Novo and Nordisk had dragged on without evident signs of promise and some of these were dropped. Projects pruned included theoretical studies in areas such as investigations of

which looked far from product development. Neither Lassen nor Hansen pretends the process of switching over the research effort was entirely free from prob-lems. Nordisk had more of a small company feel and there was a fear by many of its work-ers that they would be swamped in the "big company" culture of the new group.

the cellular basis for diabetes,

There was some uncertainty about areas of research until new responsibilities were worked out. "We had a few complaints," says Lassen. "But in general people reacted well to the changes. Now everyone knows who their new bosses are: we are in a new setting and it seems to be working."

Metai bubbles in a foam bath

METALS find numerous applications because of their toughness and durability, but a major drawback is their heavy weight. This obstacle could be

overcome with a West German technique to make a metal foam, similar to the polystyrene foam used in packaging. The metallic foam rises like bread dough when

Although the concept is not new, the breakthrough made by the Fraunhofer Institute for Applied Materials Research, of Bremen, is in using powdered metal rather than molten metal as a Starting point.

This means that the "leavening" agent can be very accurately applied, so allow-ing the makers to control the size and distribution of the bubbles. Using molten metal the gas-filled product has to be cooled quickly, making the bubble size a hit-and-miss affair.

The Fraunhofer institute believes one of the advantages of its method is that the semi-finished material can be cut to shape and then heated. It will then expand to fill a cavity in a building or structure, for example.

Computer you cannot put down

BOOKS are now being published on discs to read at home on your own computer screen, writes Roger Wolens. Sanyo's Data Discman screens 10 lines of text at a time with a keyboard to whisk you to any page you choose - If you are one of those people who cannot wait to

see how a story ends.
The three-inch discs carry
the equivalent of 300 books, making them particularly use ful for encyclopaedias and reference works.

Sanyo unveils the system in Japan in the near future, followed by a worldwide launch. The system will cost £223; the 18 CD books, which will be available initially, will cost £11.50 each.

Standards make the connection

COMPANIES wanting to link their computer networks across the country - or across the continent - face tem: how to make syste

which comply to different standards "talk" to each other.

Proteon, the Boston Massachusetts-based networking specialist, has come up with way of enabling IBM's SNA networks to communicate with Unix-based workstations, networks using Digital Equip-ment's VMS standard, and Len Manager and NetWare local area networks. The p4100 + Bridging

Router, as it is called, can use optical fibre or unshielded twisted pair cabiling as the backbone for the interconnection. It can transmit data at speeds up to 16m bits of information the equivalent of 2m alphanumeric characters second.

Packaging that keeps its shape TRANSDARENT DVC is an excellent packaging material for food. But take a container

made of traditional PVC out of the freezer and pop it into the microwave oven and a gooey mess ensues.

Monsanto, the international chemicals company, has now developed a transparent material that, in tests, withstood temperatures of 110 deg C for 30 minutes without

ecoming misshapen. Mixed with other PVC com unds. Monsanto believes that the Elix 3610 could replace aluminium this or glass for hot-fill food processes such as putting jam in jars, as well as contained

to go into the microwave.
The Elix 3610 is a terpolymer modifier, based on sty-rene and maleic anhydride. Monsanto says it conforms to existing EC food regulations, and works out at about half the price of polycarbon-ates, which can perform a similar function.

Frames put gas in the picture

TREASURED family heirlooms may prove a useful tool in determining the health hazards of the gas radon, which is often found in homes built on rock such as grante.

When trapped in buildings,
the gas, caused by the decay
of radium, is thought to be a significant source of lonising radiation and a cancercausing agent. Now researchers at Bat-

elle's Northwest Laboratories, in Richland, Washington, believe the glass in old photo

UK SHARE OWNERSHIP DISCLOSURE

On Friday June 1, provisions of the Companies Act 1989 came into force requiring an investor owning 3 per cent or more of a UK public company to declare this ownership. The previous level at which disclosure had to be made was 5 per cent. The Financial Times is printing a summary of Stock Exchange announcements of dis-closures of holdings of between 3 per cent and 5 per cent. Announcements in today's table include some made on Monday and those made yesterday for which space permits inclusion. Those announcements crowded out today will appear tomorrow.

The companies in which the stakes have been disclosed are shown poid.

For each, the names of the investors are followed by the shares they hold, in thousands, and the percentage this represents of the company's total shares outstanding.

All Electronic Products Group Life Association of Scotland 1,192 (4,70%) ABI Lebura Group Schroder 800 (3.01%) Abbott Wand Victors Lite Association of Scotland 802 (4.38%) Ate Lebeure Group Schroders 800 (3.01%) Affed Collecte Group
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(S.C.Fr.)
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Mrs Helen Vera Slingsby Decased
(4.23%)
Mrs Jean Dillon Slingsby 35 (3.25%)
Mrs Mauricons Slingsby 40 (4.02%)

WORTH WATCHING

frames may give a clue to the link between radon and

The radon is measured by calculate the radon presence

The Photostar uses sophis ticated photo editing techniques so that photo subjects can choose the background against which they appear

ogy Partnership, of Royston, takes the picture of the sub-ject against a blue background and the Image is held as a series of picture elements, or pixels, in the frame store of the computer. (The blue background is removed.)

Using a computer screen in the booth, the person can choose the desired backmachine superimposes the subject's photograph. The machine prints out a 4in by 5in colour photo using a tech-nique called thermal transfer the same technique used by fax machines.

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by Della Bradshaw

cancer. sttaching a dosimeter - an instrument used for measuring amounts of radiation. Alpha energy emitted from the glass imprints marks on the plastic strip dosimeter the number and depths of which can be measured to

Photographed with the stars

HOW would you like your photo taken with Kylie Mino-gue? Well, an updated version of the station photo booth could enable you to do just

- a pain beach, say, or arm in arm with their favourite The machine, developed by Barcrest and the Technol-

Costacts: Fraunboler Institute: Weet Germany, 421 63830. Sanyo: Japan, 06 991 1181. Proteon: US, 588 888 2800. Moneanto: Belglum, 2 761 4111. Bathelle: US, 569 375 2121, Technology Partnership: UK, 0763 262826.

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Commercial Union Assurance - (4.00%) Norwich Union Fund Managers 9.788

Moscow marketeers stampede to Chicago

Barbara Durr finds the Russians and Chinese using US produce markets as a model

REPORTS OF tentative plans for a Moscow commodities exchange this summer come as no great surprise to Chicago's two main commodity futures exchanges. Contacts between the exchanges and delegations from the Soviet Union – as well as eastern Europe and China - have been unremitting over the last year or so. Both the Chicago Mercantile

Exchange and the Chicago Board of Trade "have been besieged by delegations and requests for delegations from the Soviet Union, and to a lesser extent China," according to Mr Leo Melamed, chairman of the executive committee of the CME and one of 25 initial members of a new blue-ribbon advisory committee on the east bloc's emerging markets, spon-sored by the US Securities' and

Exchange Commission.
The eastern bloc has had special interest in Chicago's markets because, while making state companies private and creating a market for their shares may be a long way off, the need to establish market prices for agricultural products is immediate.

While experts say cash markets for commodities must come first, there is clearly scope to have futures follow close behind.

Mr Valentin Vologzhin, chairman of the Supreme Soviet's Committee on Eco-

tion (ICCO) in 1990-91 (Octo-

ber-September) was examined by ICCO delegates at the exec-

utive committee meeting in

London yesterday, reports

A draft document had pro-posed a 12 per cent increase over the 1989-90 administrative budget to cover inflation and

an imminent rent increase at

the central London accommo-dation shared with the Interna-

tional Coffee Organisation.

That would imply a 17 per cent rise in members' contribu-

tions, delegates said. No decision was taken, how-

ever, and the secretariat will present a second draft at the

CCO's full council session in

September.
The lease for the organisa-

tion's office expires at the end of May 1991. It may be renewed, or the ICCO may move elsewhere in London or

Europe. Paris, Amsterdam and Brus-

sels are possibilities, but none

of these cities has yet made an

countries are not so interested

in pacts which are due to expire in one year (coffee) and

"It may be that these other

offer, delegates said.

expenses under scrutiny

THE COST of running the International Cocoa Organisa- gate suggested.



Karsten Mahlmann: Invited to Moscow later this year

to the International Trade Club of Chicago last month that the legal structures and know-how commodity futures exchanges in Moscow and Len-ingrad should be in place by

Mr Vologzhin also took advantage of his recent trip - while Mr Mikhail Gorbachev was involved in the Washington summit - to pay his second visit this year to both Chicago futures exchanges.
The CME and CBoT are eagerly co-operating with Soviet preparations for markets. This summer, a group of six Soviet economists from the

V.I. Lenin All-Union Academy of Agricultural Sciences will

World cocoa organisation | Guyana warns

In March, the current cocoa

pact was extended for two years beyond its original

expiry date of September 1990.

Indonesia's cocoa exports

nearly doubled to 24,000 tonnes

in the first three months of this year from 14,000 tonnes in

the same 1989 period, Mr Sis-woputranto, executive director of the Indonesian Cocoa Asso-ciation, said in Jakarta.

"I think it's going to go up further in the rest of this year along with increasing production," he added.

The association expects that a longer dry season will bring output down to 110,000 tonnes this year from the previous estimate of 120,000 but still up

Mr Siswoputranto said the

recent rebound in cocoa prices had encouraged growers to be

more serious in improving

"They are likely to concentrate on quality improvement instead of land expansion," he said. "Otherwise they cannot get a good price on the world

Indonesian cocoa exports

were 82,000 tonnes last year, up from 70,000 in 1988.

from 1989's 90,000 tonnes.

receive an intensive 10-day course on commodity futures from both the CME and the CBoT. Another group from the Soviet Union's USA and Canada Institute asked for a sixmonth visit to study the markets, starting next month. Their request will be granted, although probably for a shorter duration, CME staff members

The CME's annual symposhim on futures, traditionally held in London in November, will be expanded this year in Paris to include a special event on emerging markets. The CME will join the Marché à Terme International de France (Matif) inviting officials from both eastern Europe and the Soviet Union to contribute pre-

sentations. Mr Karsten Mahlmann, the CBoT chairman, is also invited to go Moscow later this year to sent a proposal for an educational exchange programme to study futures markets.

hile official exchange contacts have inten-sified, exchange member companies have also recently been hosts to almost monthly delegations from the Soviet Union and eastern Europe. Mr Melamed said members had had contact with virtually every state organisa-tion that could eventually be converted into a private enter-prise.

Europe of sugar

GUYANA HAS declared a shortfall of 13,000 tonnes on its

European Community sugar quota for delivery in the year ending June 30, writes Canute

James in Kingston, Jamaica. The state-owned Guyana

Sugar Corporation said it will not ask the EC for an exten-sion of time to ship the short-

fall on its 167,000-tonne quota. It is the second consecutive

year that Guyana has declared a shortfall on its EC quota, having missed the target last

year by 35,000 tonnes.
Guyana will plead force
majeure in the hope that it will
not lose a part of its EC quota.
Arguing the case for force

majeure last year, Guyana said sugar harvests had been

affected by strikes of the indus-

try's 20,000 workers and by unseasonal rain.

Guyan's sugar output has fallen steadily from just over 300,000 tonnes in 1981 to 164,000 tonnes last year. Despite the recent poor harvests the industry has met its 15,000-tonne guets to the US

quota to the US.

Indonesia has increased the

prices paid to sugar producers by 8 per cent to 16 per cent in an effort to boost production

and reduce its dependence on

High/Low

year by 35,000 tonnes.

quota shortfall

Refco, the world's biggest has not only hosted a delegation but has begun a joint project with a Soviet news agency co-operative to publish a weekly on US-Soviet joint ventures in English in the US.

The newspaper - Commer-sant - currently sells out of its 250,000 copies every Monday in the Soviet Union, according to Ms Peggy Yott, Refco's director communications. She adds that without even advertising, Refco has had 100 requests for subscriptions in the three weeks since word got out about the weekly's US version.

Refco's interest in such a project stems from its view that "the east bloc is going to be the new world as far as markets are concerned," she said. The CBoT, while co-operating with its old rival the CME on much of the east bloc activhas developed special ties with China.

Last February, the CBoT signed a memorandum of understanding with the Research Institute of Com-merce and the China National Cereals Trade Corporation of the Peking Ministry of Com-

Under the agreement, the CBoT is to provide training and assistance for the development of organised cash and futures markets in China. The Chinese, in turn, promised to disseminate information about the CBoT in China and have the China National Cereals Trade Corporation begin prepa rations for trading in agricul-tural futures on the CBoT. There was an earlier co-operation agreement in 1986 between the CBoT and the Chinese.

While proposals for estab-lishing futures markets for rice, maize, soyabeans and pork are on the table, China plans to start in futures with a wheat market in Zhengzhou. To gear up for the launch, Mr Zhu Yuchen, deputy division director of the Ministry of market in Brazil. Brazil remains the world's Commerce, recently spent eight months learning all phases of futures trading at both the CME and the CBoT. He is now training other Chi-

nese back home. Many believe that China will be the first among the socialist (or newly ex-socialist) countries to succeed with commodities and futures markets. "The Chinese have more entrepreneurial spirit," said one exchange official. "The Russians have a long way to go." Mr William Grossman, chief

of the CBoT's Asia-Pacific office in Tokyo, said in an article in the Futures Industry Association Review magazine that futures trading in China "is not a sudden news flash: it is a long-running serial that is about to reach its climax." He believes China will be the largest growth market of the futures industry in the 1990s.

Molybdenum output hit MOLYBDENUM OXIDE output at Chile Copper Corporation (Codelco) will drop to 28.2m lb this year because of production problems, according to a company sales manager, reports Reuters from Santiago. That would be 27 per cent below the output originally forecast of

"We will fulfil our contracts, but we will be out of the spot market this year," he said. Codelco is the world's second largest producer of this metal, with output of 36.5m lb last year, produced as a by-product

of the copper mining industry.

Traders said the Chilean shortfall would fuel a recovery in molybdenum exide price prompted by Soviet demand. A surplus of molybdenum is still likely on the world market this year. According to Codelco estimates, world production will be about 208m lb and consumption 195.5m lb.

Codelco's shortfall results from the production loss caused by a fire at the concentration plant at Chuquicamata,

WORLD COMMODITIES PRICES

483-6 483-9

one, 99.7% purity (\$ per ton

1572-4 1588-9

opper, Grade A 🗈 🚥

Cash 1508-10 3 months 1465-6

Lead (E per tonne)

Gash 484-6 3 months 489-90

Mickel (S per tonne)

Prices from Metal Bulletin (last

ANTIMONY: European free market 99.6 per cent, \$ per tonne, in warehouse, 1,650-1,700 $(1.670 \cdot 1.720)$ BISMUTH: European free

market, min. 99.99 per cent, \$ per lb, tonne lots in warehouse, 2.80-3.30 (2.90-3.40). CADMIUM: European free market, min. 99.5 per cent, \$ per lb, in warehouse, 3.10-3.40 (3.20-3.60).

(3.20-3.60).
COBALT: European free market, 99.5 per cent, \$ per lb, in warehouse, 7.90-8.30 (7.95-MERCURY: Buropean free exchange value, \$ per Ib, UO, market, min. 99.99 per cent, \$ 8.65 (same).

which accounts for most of Chile's molybdenum output. MINOR METALS PRICES per 76 lb flask, in warehouse 15-235 (same). MOLYBDENUM: European

free market, drummed molybdic oxide, \$ per lb Mo, in ware-house, 290-295 (2.85-2.90). SELENIUM: European free

market, min 99.5 per cent. \$ per lb. in warehouse, 5.30-5.80 TUNGSTEN ORE: European free market, standard min. 65 per cent, \$ per tonne unit (10 kg) WO, cif, 40-57 (40-60). VANADIUM: European free

URANIUM:

High/Low

482-5 488.5-9

market, min. 98 per cent, \$ a lb VO, cif, 2.90-3.20 (3.00-3.25). Nuexco

Kerb close Open Interes

Production of gold in Brazil hit by weather

By John Barham in Sao Paulo

BAD WEATHER in the Amazon rain forest caused a 3.5 per cent fall in Brazilian gold production last year to 97 tonnes from a record 100 tonnes in 1988, Ourinvest, the Sao Paulo gold trader, said in its annual survey of the gold

fifth largest gold producer. Three-quarters of its gold is still mined by prospectors operating claims with rudimentary equipment in the Amazon. Unusually heavy rain hampered production and gold shipments. Stricter policing of gold producing sites in the ter-ritory of Yanomami Indians in the state of Roraima also contributed to the production

Mr Ricardo Eichenwald, of Ourinvest, commented bow-ever that local gold supplies actually increased. He esti-mated that smugglers brought nine tonnes of gold into Brazil

from neighbouring countries.

Brazilian gold prices remained above international levels throughout most of the year as demand rose in reac-tion to uncertainties caused by rising inflation and presiden-tial elections last October. Investors increased their

holdings by 40 per cent in 1989 to a record 86 tonnes of gold, the world's third largest volume. The central bank's gold holdings also increased, rising to 128 tonnes, compared with 121 tonnes the year before. Ourinvest's report also found

that the prospectors' share of output was shrinking, while output from mechanised underground mines continued to grow. Prospectors produced 74 tonnes of gold in 1989, about 6 per cent less than in 1988, while mines increased production by 4 per cent to a record 22 tonnes

• Official gold stocks fell by 185 tonnes in 1989, wiping out the previous year's 240-tonne increase, according to esti-mates by the Bank for Interna-

tional Settlements, Reuters reports from Basle. A reduction in the gold reserves held by countries accounted for most of the

accounted for most of the decline with the stocks of international institutions showing only a modest fail.

Developing countries, many of which added to their reserves in the 1980s, and industrialised nations both reduced their holdings in 1989.

LINE WAREHOUSE STOCKS (As at Monday's close) -1,125 to 149,876 -4,475 to 66,675 +3,825 to 39,150 +96 to 9,072 -3,676 to 39,775 -60 to 11,775

IPE budgets \$1m in oil futures launch

By Steven Butler

THE LONDON-based International Petroleum Exchange yesterday said it had budgeted \$1m to promote the launch of its sour crude oil futures contract, scheduled to start trading on July 19. The contract will trade six months forward, with the October as

the first delivery month. Final details for the contract, which is to be based on Dubai crude, were approved by the IPE board this week.

The contract, which follows swiftly on the launch of a similar contract at the Singapore International Monetary Exchange, will make it possi-ble for the first time to hedge a wide range of Middle Eastern crude oils on a regulated

The dual launch in Singapore and London is seen as boosting the contract's chances of success by allowing trading in two of the worlds most

important time-zone bands. Both contracts will be based on cash settlement, rather than on terms for physical delivery, and will be based on an innovative formula for determining

settlement prices. IPE's highly successful Brent futures contract is based on an index of prices drawn from published reporting services. In the case of the Dubai contracts, however, the price will be based on assessments of the

price supplied by a panel of traders active in the industry. Mr Alastair Harris, IPE director of marketing and research, said the IPE's panel would have over 20 contributors initially and possibly 30-40 eventually. The large number of sources for price information which go into the official all sectors of the industry would, he said, prevent the price from being subject to manipulation. Mr Harris none theless recognised that the contract would fail if panel members reported unrealistic

"If they actually want a valuable hedging tool, this is the opportunity to contribute," he

The IPE panel price is to be averaged with a price deter-mined by the Simex panel to produce a single settlement price applicable to both exchanges. The time on the last trading day for each contract - 12 noon on the 15th of

the month preceding delivery
is also to be synchronised. Mr Harris said he expected the contracts could be mutu-ally offset against each other in the near future, although this would require co-ordina-

tion between clearing houses at the two exchanges. The contract was expected to

be trading 2,000-3,000 lots a day by the end of the year. Contract units will be a 1,000 barrels, or 42,000 gallons, of Dubai oil. It will be priced in

US dollars and have no limita-tions on daily fluctuations. The promotion scheme will involve a three-month levy fee holiday from the start of the contract, as well as additional

measures.
Mr Harris said the ruler of Dubai had given his stamp of approval to the new contract.

IPE hoped its prices would eventually become the indus-try standard for contract pricing Currently, most contracts for Middle East crude are priced in relation to reported

prices from services such as Platt's or Petroleum Argus. China's non-ferrous metal

CHINA'S OUTPUT of 10 non-ferrous metals totalled more than 900,000 tonnes during the first five months of this year, up 10.1 per cent from the same period last year, the China National Nonferrous

Corporation officials, quoted by the China Daily newspaper, said the 10 metals were copper, aluminium, lead, zinc, nickel, tin, antimony, mercury, magnesium and titanium.

A sluggish market, however,

Metals Industry Corporation

said, reports Reuter from

has meant stockpiling for the first time, officials said. The rate of output growth has slowed from a 10.8 per cent increase posted in the first quarter of 1990.

However, the figure accounts for 43 per cent of the 2.1mtonne government target for this year. The corporation

output up 10.1% this year plans to produce 2.25m tonnes

of various non-ferrous metals It forecast that in 1994, nonferrous output would be 3m tonnes, the China Daily said.

The newspaper gave a break-down of some of the metals. Copper output hit 230,000 tonnes in the first five months of 1990, up 9.5 per cent over the same 1989 period. Aluminium production jumped 13.7 per cent to 330,000 tonnes. Yet output of lead declined 2 per cent because two large lead produc-ers overhauled their equip-

ment, the newspaper said.

Corporation officials said increased supplies of electricity and raw materials were responsible for the jump in productive. tion. They warned, however, that rising production costs and a sluggish market for their products were continuing to cause difficulties.

MARKET REPORT

THE GOLD price regained a little more of last week's lost ground yesterday but the mood remained looked over their shoulders for a fresh bout of selling to push four-year low. Twice the price rallied towards \$357 a troy ounce, but on each occasion it was beaten back as option-related selling developed. At the close it was \$356 an ounce, up \$1 on the day. In contrast there seems to be no holding rhodium, one of the platinum group metals, which recently has been hitting record highs with monotonous regularity. A temporary refining

London Markets

Crude oil (per barrel FOB)		+ 01
Dubai Brent Blend W.T.I. (1 pm est)	\$13.40-3.52q \$15.80-5.65q \$17.21-7.24q	+0.30
Oil products (NWE prompt delivery per t	onne CIF)	+ or
Premium Gasolino Gas Oli Heavy Fuel Oli Naphtha <i>Petralaum Argus Estimal</i> es	\$216-218 \$142-143 \$52-65 \$145-147	+2 +2 +1.5 +3
Other		+ ar -
Gold (per troy oz) — Silver (per troy oz) — Pigtinum (per troy oz) Palladium (per troy oz)	\$356 505c \$488.65 \$117,40	+1 +4 +1.90 -0.05
Aluminium (tree market) Copper (US Producer) Lead (US Producer) Nickel (tree market) Tin (Kuala Lumpur market) Tin (New York) Zinc (US Prime Western)	45c 385c	+ 10 -1 3 + 10 -0.10
Cattle (live weight)† Sheep (dead weight)† Pigs (live weight)†	107.31p 166.35p	-0.45° -3.55° -2.03°
London daily sugar (raw) London dally sugar (white) Tate and Lyle export price	\$333.0v \$423.0v £309.5	+5.3 +3.0 +2.5
Barley (English feed) Maize (US No. 3 yellow) Whoat (US Dark Northern)	€120.5u £144.5 £124.5	+0.5
Rubber (Jul) 💝 Rubber (Aug) 💝 Rubber (KL RSS No 1 Jun)	55.26p	-0.50 -0.50 -1.0
Coconut oil (Philippines)§ Palm Oli (Malaysian)§ Copra (Philippines)§ Soyabeans (US) Cotton "A" index	\$210 £161	-5 -15 -0.30
Woollaps (64s Super)		-5

and European buying yesterday traders were quoting \$3,000 to \$3.100 a troy ounce, compared with \$1,800 to \$1,900 an ounce seven months ago. At the London Metal Exchange copper prices were boosted early on after the announcement of a sharp fall in exchange warehouse stocks. But the bearish mood was quickly reasserted and the cash price ended £18 down on the day at

	£1,509 a tonne. Traders blamed								
	the fall on profit-taking and "stale								
	buli	Ilquidat	ion."	_					
	Compiled from Reuters								
	SUGAL	l – Londo	na POX	(\$ per to	me)				
_	Raw	Close	Previous	High/Low					
_	Aug	291.00	304.00	307.00 290.20					
_	Oct	286.20	297.60	301.00 285.40					
_	Dec	291.00	295.00	300.00 294.00					
	Mar May	273.00 272.60	282.20 283.20	286.00 272.00 284.40 275.00					
	Aug	272.00	280,40	282.60 281.00					
_	Oct	272.00	276.00	279.00					
_	White	Close	Previous	High/Low					
-	Aug	406.0	412.0	415.0 403.5					
	Oci	365.0	377.0	381.0 385.5					
	Dec Mar	359.0 355.0	367.0 362.4	371.5 361.5 367.6 363.0					
	May	354.0	361.0	353.5 353.0					
	Aug	352.0	360.0	385.0 361.5					
_	Oct	341.0	346.0	354.5 350.0					
-	White 2	sr: Raw 45 1995 (1118)	44 (3781) 0	its of 50 tonnes.					
		Yhite (FFr i	per tonna):	Aug 2320, Oct 2	125,				
I -	Dec 206	White (FFri 85, Mar 20	per tonne): 65, May 20)60					
_	Dec 206	Vinite (FFri 15, Mar 20 1 OSL — 119	per tonne): 65, May 20	3/bs					
_	CRUDE	Vinite (FFr 15, Mar 20 Close	per tonne): 65, May 20 E Previo	S/ba S/ba ua High/Low					
-	CRUDE	Vinite (FFr 15, Mar 20 Close 15.98	per tonne): 65, May 20 Previo	\$/ba s/ba us High/Low 15.99 15.62					
_	GRUDE Jul Aug	Vinite (FFr) 15, Mar 20 106L — IP Close 15.98 16.50	Previor 15,55 16,00	\$/ba us High/Low 16.99 15.62 16.61 18.10					
-	CRUDE	Vinte (FFr) 35, Mar 20 2 OSL — IP Close 15.98 16.50 18.90	Previor 15.65 16.00 16.40	\$/08 \$/08 \$15.99 15.62 16.51 16.10 16.90 18.80 17.10 16.94					
_	Jul Aug Sep Oct Nov	Vinite (FFr) 35, Mar 20 4 OSL — IP Close 15.98 16.50 18.90 17.10 17.15	Previor 15,55 16,00	\$/bs us High/Low 15.99 15.62 16.51 16.10 16.90 18.90 17.10 16.94 17.19 17.15					
-	Jul Aug Sep Oct Nov Dec	Villa (FFr) 15, Mar 20 108L — IP Close 15.98 16.50 17.10 17.15 17.30	Previor 15.65 16.00 16.40 16.78	\$/08 \$/08 \$15.99 15.62 16.51 16.10 16.90 18.80 17.10 16.94					
-	Jul Aug Sep Out Nov Dec	Close 15.98 16.59 16.59 17.15 17.15 17.30 15.57	Previor 15.65 16.40 16.50	\$/bs us High/Low 15.99 15.62 16.51 16.10 16.90 18.90 17.10 16.94 17.19 17.15					
-	Jul Aug Sep Oct Nov Dec 1PE Inde	Mike (FFr) 15, Mar 20 1004 - IP Close 15.98 16.59 17.15 17.15 17.30 15.57 IF: 12857 (I	Previor 15.65 16.40 16.50	5/08 \$/08 15.99 15.62 16.91 16.10 16.90 16.90 17.19 17.15 17.30	rrel				
-	Jul Aug Sep Oct Nov Dec 1PE Inde	**Control of the control of the cont	Previo 15.50 16.50 16.50 16.50 16.50	\$/08 \$/08 \$15.99 15.62 16.90 16.90 16.90 16.90 17.19 17.15 17.30	rrel				
-	Jul Aug Sep Out Nov Dec 1PE Inde Turnove	15.98 16.50 17.10 17.15 17.30 15.57 (Close Close	Previous Previous 15.55 16.00 16.78 16.50 Previous	\$/08 \$/08 \$15.99 15.62 \$16.51 16.10 \$16.90 16.90 \$17.10 16.94 \$17.19 \$17.15 \$17.30 \$/10	rrel				
	Dec 200 CRUDE Jul Aug Sep Out Nov Dec IPE ind Turnove QA5 Of	Mile (FFr 15, Mer 20 15, Mer 20 10, Mer 20 10, Mer 20 15, Mer 20 16, 50 16, 50 17, 15 17, 30 17, 15 17, 30 17, 15 17, 30 18, 10 17, 15 17, 30 18, 10 18, 10	Previous 15.55 16.00 16.40 19.78 16.50 S459)	5/ba S/ba High/Low 15.99 15.61 18.10 16.90 18.90 17.10 16.94 17.19 17.15 17.30 S/to High/Low 143.50 139.75	rrel				
	Juli Aug Sep Indi Turmove GAS Of Aug	With (FFr 15, Mer 20 15, Mer 20 15, Mer 20 15, 98 16, 50 18, 90 17, 10 17, 15 17, 30 15, 57 Hr. 12857 (IL - IPE Close 143, 50 144, 50	per torme): 65, May 20 20 15,65 16,00 16,40 18,78 16,50 8459) Previous 139,50 141,75	5/08 \$/08 15.99 15.62 16.51 16.10 16.90 16.80 17.10 16.94 17.19 17.15 17.30 \$/00 High/Low 143.50 139.75 144.75 142.00	rrel				
	Dec 200 CRUDE Jul Aug Sep Out Nov Dec IPE ind Turnove QA5 Of	White (FF) 55, Mar 20 56, Mar 20 Close 15.98 16.50 17.10 17.15 17.30 17.15 17.30 15.97 15.97 12857 (i L ~ IPE Close 143.50 144.50 147.00	per torine); 65, May 20 Previous 15,55 16,40 16,40 18,78 16,50 9456) Previous 139,50 141,75 144,50	5/bs S/bs S/bs 15.99 15.61 16.10 16.90 18.00 17.10 16.94 17.19 17.15 17.30 S/ho High/Low 143.50 139.75 144.76 142.00	rrel				
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	Juli Juli Aug CAS Of CAS	White (FF) 55, Mar 20 55, Mar 20 55, Mar 20 15,98 15,98 16,50 17,10 17,15 17,30 27, 15,57 17,15 17,30 27, 15,57 12,587 144,50 144,50 147,00 150,00 150,00 150,00	per tenne): 65, May 20 EE Previous 15,55 16,00 16,40 19,78 16,50 3456) Previous 139,50 141,75 144,50	5/bs S/bs S/bs 15.99 15.61 16.10 16.90 18.00 17.10 16.94 17.19 17.15 17.30 S/ho High/Low 143.50 139.75 144.76 142.00	rrel				
	Jul Aug Sep Oct Turnove GAS Of Jul Aug Jul Aug Oct Nov Dec Jul Aug Sep Oct Nov Dec Jul Aug Sep	White (FF) 55, Mer 20 55, Mer 20 55, Mer 20 1084 — IP Close 15.98 16.50 17.15 17.10 17.10 17.10 17.10 17.10 17.10 17.10 17.10 17.10 17.10 17.10 17.10 17.10 17.10 17.10 17.10 17.10 17.10 17.10 18.10	per tonine): 65, May 21 Frevior 15,55 16,00 16,78 16,50 16,50 139,50 139,50 144,50 144,50 144,50 150,50 162,00 162,00	5/08 \$/08 ###################################	rrel				
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Frading was of fairly high quantity w various countries involved in sales including brasel, west Africa and Me rdam. 🕏 Bullion market close, m-Me

problem in South Africa set the in the face of heavy Japanese

week ended June 8 amounted to 378 against 100 tonnes in the previous we ited to 378 tonne

market rising late last year and

796 763 822 793 845 820 862 841 882 868 900 885 916 909 Turnover: 9558 (11302) lots of 10 tonnes (CCO Indicator prices (SDRs per tonne). Delly price for Jun 11 884.27 (986.20) 10 day average for Jun 12 1051.21 (1088.51) COFFEE - Lendon FOX

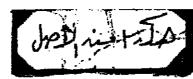
	Mar	657	691	000 00E	
Reuters	May	680	700	680 665 700 682	
Reuters	Jul	882	720	708 897	
	_ ==-				
(\$ per tonne			3644) lots o		
us High/Low	June 11	i: Comp. (1085 (US 0 daily 71.80	ents per po (72.17), 15 d	uno) to:
307.00 290.20		46 (73.61)			.,
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300.00 294.00					
286.00 272.00 284.40 275.00	POTAT	<u> </u>	74		€/homme
282.60 281,00 279.00		Close	Previous	High/Low	
	- Nov	108.5	102.4	105.0 101.0	i
us High/Low	_ Apr	150.0	145.0	153.2 145.0	
415.0 403.5	May	163.5	161.0	165.0 160.0	
381.0 385.5 371 5 361 5	Turnove	er 360 (38	6) lots of 4	0 tonnes.	
371.5 361.5 367.6 363.0					
353.5 353.0		•			
365.0 361.5 354.5 350.0	SOYAL	EAN ME	AL - BPE		C/tonne
it)lots of 50 tonnes.		Close	Previous	High/Low	
-	Aug	115.80	115.00	115.80	
ne); Aug 2320, Oct 2125	Oct	118.00	117.00	118.00	
y 2060	Tuenose	- 90 M11	lots of 20		
S/barre	- surnovi	ar 30 (61)	1069 OF 20	CHIPES.	
vicus High/Low	-				
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00 16.61 16.10				•	my boun
40 16.90 16.60		Close	Previous	High/Low	
78 17.10 16.94	Jun	1183	1179	1195 1175	
17.19 17.15 17.30	Jul	1072	1065	1076 1070	
50	Oct	1154	1164	1170 1150	
	_ Jen	1175	1180	1185 1174	
	- Apr	1175		1190 1180	
			1204		
\$/tonne		1254	1284		
S/tonne us High/Low	<u> </u>	1254 r 114 (27			
us High/Low	<u> </u>				
us High/Low 143.50 139.75 144.75 142.00	<u> </u>				
us High/Low 143.50 139.75 144.75 142.00 147.00 144.50	Turnovi				E/tonne
us High/Low 143.50 139.75 144.75 142.00 147.00 144.50 150.00 147.76	Turnow	r 114 (27	7)		E/tonne
us High/Low 143.50 139.75 144.75 142.00 147.00 144.50	CRAIR:	r 114 (27 B - 2072 Close	7} Previous	High/Low	
us High/Low 143.50 139.75 144.76 142.00 147.00 144.50 150.00 147.75 153.50 150.00 155.00 152.50 154.25 153.00	CRAIR: Wheat	r 114 (27 B - MPE Close 119.00	Previous	High/Low 119.00 118.0	00
us High/Low 143.50 139.75 144.75 142.00 147.00 144.50 150.00 147.75 153.50 160.00 155.00 152.50	GRAIR: Wheat Jun Sep	r 114 (27 8 - see Close 119.00 113.40	Previous 118.50 713.80	High/Low 119.00 118.0 113.70 113.4	00 40
us High/Low 143.50 139.75 144.76 142.00 147.00 144.50 150.00 147.75 153.50 150.00 155.00 152.50 154.25 153.00	Turnovi GRAIN: Wheat Jun Sep Nov	Close 119.00 113.40 117.55	Previous	High/Low 119.00 118.0 113.70 113.0 117.70 117.0	00 40
us High/Low 143.50 139.75 144.75 142.00 147.00 144.80 150.00 147.75 153.50 150.00 155.00 152.90 154.25 153.00 149.00 148.00	GRAIN: Wheat Jun Sep Nov	Close 119.00 113.40 117.55 121.10	Previous 118.50 713.80 117.70	High/Low 119.00 118.0 113.70 113.7 117.70 117.7 121.10	00 40
us High/Low 143.50 139.75 144.75 142.00 147.00 144.80 150.00 147.75 153.50 150.00 155.00 152.90 154.25 153.00 149.00 148.00	GRAIN: Wheet Jun Sep Nov Jan May	Close 119.00 113.40 117.55 121.10 127.40	Previous 118.50 713.80 117.70	High/Low 119.00 118.4 113.70 113.4 117.70 117.4 121.10 127.25	00 40
us High/Low 143.50 139.75 144.75 142.00 147.00 144.80 150.00 147.75 153.50 150.00 155.00 152.90 154.25 153.00 149.00 148.00	GRAIN: Wheet Jun Sep Nov Jan May Burley	Close 119.00 113.40 117.55 121.10 127.40 Close	Previous 118.50 117.70 127.50 Previous	High/Low 119.00 118.4 113.70 113.4 117.70 117.4 121.10 127.25 High/Low	00 40
us High/Low 143.50 139.75 144.75 142.00 147.00 144.80 150.00 147.75 183.50 150.00 155.00 152.50 164.25 183.00 149.00 148.00 of 100 tonnes	GRAIN: Wheet Jun Sep Nov Jen May Burkey Sep	Close 119.00 117.55 121.10 127.40 Close 711.85	Previous 118.50 113.80 117.70 127.50 Previous	High/Low 119.00 118.4 113.70 113.4 117.70 117.4 121.10 127.25 High/Low 111.75	00 40
us High/Low 143.50 139.75 144.75 120.00 147.00 144.90 150.00 147.75 153.50 150.00 155.00 152.50 154.25 133.00 149.00 148.00 of 100 tonnes	Turnova GRAIR: Wheat Jun Sep Nov Jan May Bartey Sep Nov	Close 119.00 117.45 121.10 127.40 Close 111.85 116.60	Previous 118.50 113.80 117.70 127.50 Previous 111.75 116.25	High/Low 119.00 118.1 113.70 113.7117.70 117.70 117.70 127.25 High/Low 111.75 116.50	00 40
us High/Low 143.50 139.75 144.75 1200 147.00 144.50 150.00 147.75 183.50 150.00 153.50 150.00 154.25 153.00 144.00 148.00 of 100 tonnes e BTC \$550, BWC 40; c and / Antwerp	GRAIN: Wheet Jun Sep Nov Jen May Burkey Sep	Close 119.00 117.55 121.10 127.40 Close 711.85	Previous 118.50 113.80 117.70 127.50 Previous	High/Low 119.00 118.4 113.70 113.4 117.70 117.4 121.10 127.25 High/Low 111.75	00 40
us High/Low 143.50 139.75 144.75 142.00 147.00 144.80 150.00 147.75 153.50 150.00 155.00 152.90 154.25 153.00 149.00 148.00	Turnove GRAIR: Wheet Jun Sep Nov Jan May Burley Sep Nov May	F 114 (27 Close 119.00 113.40 117.45 127.40 Close 111.85 116.50 123.70	Previous 718.50 713.80 117.70 127.50 Previous 111.75 110.25 123.80	High/Low 119.00 118.1 113.70 113.7117.70 117.70 117.70 127.25 High/Low 111.75 116.50	30 40 45

	-								
	Close	Previous	High/Low			190-5	6190-		6200/6
Jul	599	624	619 590			315-20	6320-		6340/6
Sep Nov	814 631	643 660	637 606 653 626		Zinc, Special	High Grade	(\$ рет	tonne)	
Jan	844	670	668 642		Cash 1	695-70G	1682	5	1696/1
Mar	657	6 81	680 665			642-5	1687-	9	1646/1
May Jul	680 682	700 720	700 682 708 697		SPOT: 1.7025		9	ths: 1.6	724
					G 01, 1.1020		O LINOI	410. 1.0	
iCO ind	icator or	1644) lots of rices (US c	ents per po	und) for					
June 11	: Comp. (46 (73.61)	daily 71.80	(72.17), 15 d	ay aver-					
age /a	40 (13.01)	,			LONDON BI	RLICH HA	KET		
DOTAT	DES — 1			£/tonne	Gold (fine cz	\$ price	٤	equive	dent.
	Close	Previous	High/Low		Close	355 4-356 4	. 2	09-209 ¹ 09-209 ¹	2
Nov	108.5	102.4	105.0 101.0		Opening fix	3551,-3551 356.00	. 2	09.227	2
Apr	150.0	145.0	153.2 145.0		Atterneon fix	366.76	2	08.773	
May	163.5	161.0	165.0 160.0		Dey's high	356%-357%			
Turnove	r 360 (39	6) lots of 4	0 tonnes.		Day's low	3554-3653			
SOYAB	ZAN ME	AL - BFE		C/lonne					
	Close	Previous	High/Low		Coics	\$ price		equive	llent
Aug	115.80	115.00	115.80		Mapielasi Britannia	363-368 363-368		13-216	
0ai	118.00	117.00	118.00		US Eagle	363-366	2	13-216	
Turnove	r 30 (81)	lots of 20	lonnes.		Angel	383-388		13-216	-1 -
					Krugerrand New Sov.	355-356 84-86	2	08 ¹ 2-21 9 ¹ 2-51	0-2
					Old Sov.	84-86	4	912-51	
AL DEAL		NES - BFI		ex point	Noble Plat	492.50-500.	30 2	89.20-2	93.75
	Close	Previous	High/Low						
Jun Jul	1183 1072	1179 1065	1195 1175 1076 1070						
Oct.	1164	1164	1170 1150		Silver fix	p/fine cz		IS ets e	vendu
رعار	1175	1180	1185 1174			294.55		01.00	
Apr BF1	1175 1254	1284	1190 1180		Spot 3 months	305.40		11.45	
	r 114 (27				6 months	316.15		21.75	
141-14-4	(4)	-1			12 manths	337.60	2	44.20	•
ODAINS	- SFE			E/tonne					
Wheel	Close	Previous	High/Low	C) (ÇI K SÇ					
kun	119.00	118.50	119.00 118	00					
Sep	113.40	713.80	113.70 113.		TRADED OPT	1005			
Nov	117.55	117.70	117.70 117.		Coffee	Jul	Sep	Jul	Sep
Jen	121.10 127.40	127.50	121.10 127.25		550	50		_	
May							75	1 13	11 29
						12	43		
Burtey	Close	Previous	High/Low		600 650		43 23	52	59
Bertey Bep	Close 111,85	Previous 111.75	High/Low 111.75		600	12			59 Sep
Bertey Bep Nov	Close	Previous	High/Low		600 650	12 1	23	52	
Barley Bep Nov May	Close 111.85 116.50 123.70	Previous 111,75 116,25 123,80	High/Low 111.75 116.50 123.60		600 650 Coccaa 750 800	12 1 Jul 97 7	23 Sep 77 48	52 Jul 2 22	Sep 21 42
Barley Sep Nov May Turnove	Close 111,85 116,50 123,70	Previous 111,75 116,25 123,80	High/Low 111.75 116.50 123.60 erley 16 (19).	600 650 Cocoa 750	12 1 Jul 97	23 Sep 77	52 Jul 2	Sep 21
Turnove	Close 111.85 116.50 123.70 T. Wheat r lots of	Previous 111.75 116.25 123.80 167 (44), B 100 tonnes.	High/Low 111.75 116.50 123.60 artey 16 (19)		600 650 Coccaa 750 800	12 1 Jul 97 7	23 Sep 77 48	52 Jul 2 22	Sep 21 42
Barley Bep Nov May Turnove Turnove	Close 111.85 116.50 123.70 r. Wheat r lots of	Previous 111,75 116,25 123,80 167 (44), B 190 tonnes.	High/Low 111,75 116,50 123,60 123,60 arley 16 (19		600 630 Cocon 750 800 850	12 1 Jul 97 7	23 Sep 77 49 29	52 3ui 2 22 22 56	Sep 21 42 73
Barley Bep Nov May Turnove Turnove	Close 111.85 116.50 123.70 r. Wheat r lots of	Previous 111,75 116,25 123,80 167 (44), B 100 tonnes. (Co	High/Low 111.75 116.50 123.60 artey 16 (19)		600 630 Cocoa 750 800 850	12 1 Jul 97 7 1	23 Sep 77 48	52 Jul 2 22 56 Aug	Sep 21 42 73 5ep
Barley Sep Nov May Turnove	Close 111.85 116.50 123.70 r. Wheat r lots of	Previous 111,75 116,25 123,80 167 (44), B 190 tonnes.	High/Low 111,75 116,50 123,60 123,60 arley 16 (19	uti byd	600 630 Cocon 750 800 850	12 1 Jul 97 7	23 Sep 77 49 29	52 3ui 2 22 22 56	Sep 21 42 73

per ton	ine)						To	otal daily t	umover k
iths 6	190-6 315-20	6190- 6320-	200 30	8200/6140 6340/8270	61 62	40-6 90-300	6315-20	8,1	83 lots
Special	High Grade	(\$ рет	tonne)				To	sted delity t	urnover k
the 1	885-700 642-5	1682 1687-		1698/1697 1646/1696		67-8 41-2	1642-5	19,	177 lots
Cleateg 1.7025	E/S rate:	3 mon	ths: 1.6	761	6 m	ontha: 1.6	950û	9 mc	nths: 1.62
ON BULLION MARKET						V		•	
			egulvi		ne	w Y	UTR		
пине С2)	\$ price				GOLD	100 trov o	2.; \$/broy 0	2	
ng	355 ¼ -356 ¼ 355 ¼ -355 Å		09-209 09-209	9		Close	Previous	High/Low	
ng #bt	356.00	. 2	09.227	•		355.7	356.4	357.2	356.0
oon fix Nigh	366.76 366-4-867 4		08.773		Jui Jui	366.9	357.6	0	0
low	3554-3653				Aug	359.1	350.7	360.6 365.2	368.9 363.6
	_				Oct Dec	363.7 368.4	364.3 369.0	369.9	368.5
					Feb	878.1	373.6	373.7	373.6
					Apr Jun	377.6 382.8	378.1 382.8	378.3 G	377.7 0
	\$ price	2	equiv	alent	Aug	366.9	387.A	ŏ	ŏ
lest	363-888		13-216				•••		
nia Igie	363-368 363-366	2	13-216 13-216						-
_	363-366	2	13-216 06 ¹ 2-2		PLATE		oy oz; \$/tro		
rrand Sov.	355-358 94-86	4	-E1	10-12		Close	Previous	High/Low	
0¥.	84-86 84-86	•	M-7-01		Jul Oct	489.4 494.5	486.2 491.2	492.0 497.0	488.4 493.5
Plat	492.50-500.	30 2	99 20 2	93.75	Jen	494.5 499.7	496.4	601.0	489.0
					Apr	504.7	501.5	507.0	504.0
					أتاأ	509.7	506.8	513.0	a
fix	p/fine cz		JS cts o	equiv	•	: .			
eths	294.55 305.40		01.00 11.45		SILVER	5,000 tro	y oz; cente	vîroy oz.	
rithe.	316.15	5	21.75			Close	Previous	High/Low	
nths	337.60	=	44.20	•	Jun	501.5	501.2	0	0
						504.0	503.5 507.5	506.0 0	503.0 0
					Aug Sep	508.0 512.3	511.7	516.5	511.5
					Dec	523.7	523.1	528.0	522.5
					Jan		. 526.6	Q	0
DO OPT					Mer	534.7 · 542.3	533.9 541.5	537.0 544.5	632.9 543.2
	لبار	-	-		May	550.0	549.2	562.0	552.0
1		Sep	Jui	Sep	Sep	558.2	557.A	0	0
	50 12	75 43	1 13	11 29					
	1	žš	52	5 <u>8</u>					
	Lest.	Sep	Jipl	Sep	·				
	97	77	2	21	DECK				
	7	49 29	22 58	42 73	PEUT	<u> </u>	e: Septemb		
					ł	Jun 12		math ago	
					l	1871.2	1867.1	1908.5	2023.6
					DOW.		ese: Dec.		<u> </u>
Crude	Aug	Sep	Aug	Sep .	I	Jun 11	Jun 8	गायी क्युट	yr ago
	72 50	68	42	38 68	Spot	131.66	131.58	135.42	131,50
	28				rviure	e 132.70	132.55	133.51	130.77
								-	

ولد	amated Metal Trading) High	GRADE (COPPER 25	000 lbs; ce	nts/ibs
) C	lose Open Interest		Close	Previous	High/Lor	,
T	otal daily turnover lot		112.50	111.00	113.00	111.75
		_ Jul	110.60	109.65	111.15	109.20
15	46,144 lots	Aug - Sep	109.80 107.90	108.45 106.65	109.60 106.00	108.50 106.60
T	otal delity turnover lot	<u>Oct</u>	107.30	105.50	Ð	0
-7 (30,672 lots	Nov Dec	105.80 104.30	104.40 108.30	105.70 104.30	105.70 103.50
	otal daily turnover lot	Jan	103.20	102.30	0	0
-		Mar Apr	101.00 100.46	100.20 99.65	100.80 0	100.20 0
1	10,030 lots			ght) 42,000		
<u> T</u>	otal deily turnover lot		Close			
-80	8.621 lots		17.50	Previous	High/Los	
	otal daily turnover los	Jul Aug	17.50 18.08	16.82 17.43	17.55 18.10	17.02 17.52
_		- Sep	18.40	17.88	18.47	18.04
21	8,183 lots	Oct Nov	18.77 19.00	18.32 18.86	18.80 19.05	18.45 18.70
Ţ	stal daily turnover lots		19.30	19.01	19.30	19.05
_	40.477	- Mar Apr	19.36 19.38	19.18 19.26	19.29 19.40	19.29 19.40
-6	19,177 lots			2,000 US ga		
	9 months: 1.6291		Close	Previous	High/Lov	
		Jul	4820	46/2		
		Aug	4820 4890	4672 4729	4840 4905	4706 4760
		Sep	5050	4900	5060	4930
		Oct Nov	5160 6285	5040 5166	6180 5300	5075 5200
		Dec	5390	5275	5405	5300
y c		Ján Feb	5440 5430	5350 5341	5450 5486	5390 5375
# <u></u>	High/Low	Mar	5270	5185	5290	5225
	357.2 356.0 0 0	Apr	5150	5040	5125	5070
	360.6 368.9	<u>coco</u>		es;\$/tonnes		
	365.2 363.6 369.9 368.5		Close	Previous	High/Low	<u>' </u>
	373.7 373.6	. Jul Sep	1218 1251	1181	1225	1205
	378.3 377.7 G O	Dec	1279	1211 1234	1267 1283	1237 1263
	0 0	Mar	1901	1258	1305	1288
		May	1319 1338	1274 1285	1320 1340	1310 1325
_		Sep	1350	1300	1352	1352
	y oz.	COFFE	EE "C" 37	,500lbs; can	is/ibs	
35	High/Low		Close	Previous	High/Low	
	492.0 488.4 497.0 493.5	Jul	92.10	92.05	92.50	91.30
	501.0 489.0	Sep Dec	94.20 97.00	94.10 97.00	94.50 97.25	93.50 96.40
	507.0 504.0 513.0 Q	Mar	99.50	99.55	29.75	99.00
		May Jul	101.60 103.30	100.65 102.75	101.60 104.00	100.25 0
		Sep	105.60	105.70	105.50	105.25
nt.	s/troy oz.	SUGA	R WORLD	-71" 112,00	00 lbs; cen	ts/lbs
us	High/Low		Close	Previous	High/Low	
_		ᆀ	12.93	13.51	13.65	12.91
	0 0 508.0 503.0	Oct Mear	12.77 12.27	13.29 12.70	13.42 12.83	12.75
	0 0	May	12.30	12.62	12.77	12.26 12.29
	516.5 511.5 528.0 522.5	Jul Oct	12.29 12.30	12.55	12.65	12.27
	0 0			12.40	12.45	12.30
	537.0 632.9 544.5 563.2	COTTO	ж 50,000	cents/lbs		
	544,5 543.2 562.0 562.0		Close	Previous	High/Low	
	0 0	Jul	80.62	78.54	81.44	79.27
		Oct Dec	75.89 72.04	75.00 71 <i>.2</i> 7	75.95 72.08	74.98 71.06
					72.80	72.00
		Mar	72.75	72.07		
	<u> </u>	May	73.10	72.37	73.00	72.30
					73.00 73.00	73.00
mi	per 18 1931 — 100)	May Jul Oct	73.10 73.16 68.75	72-37 72-32 66.80	73.00 73.00 0	73.00
ıml		May Jul Oct	73.10 73.16 68.75 SE JUICE	72.37 72.32 66.80 15,000 lbs;	73.00 73.00 0 cents/lbs	73.00
1	птттт адо ут адо	May Jul Oct ORAN	73.10 73.16 68.75 SE JUICE Close	72.37 72.32 66.80 15,000 lbs; Previous	73.00 73.00 0 cents/lbs High/Low	78.00
1	minth ago yr ago 1908.5 2023.6	May Jud Oct ORAR	73.10 73.16 68.75 SE JUICE Close 191.50	72.37 72.32 65.80 15,000 lbs; Previous 192.20	73.00 73.00 0 cents/lbs High/Low 192.80	73.00
1	mnth ago yr ago 1908.5 2023.6 31 1974 = 100)	May Jul Oct ORAN	73.10 73.16 68.75 SE JUICE Close 191.50 188.65 182.55	72.37 72.32 66.80 15,000 lbs; Previous	73.00 73.00 0 cents/lbs High/Low	78.00 0 191.00 187.55
1 a.:	math ago yr ago 1908.5 2023.6 31 1974 - 100) math ago yr ago	May Jul Oct ORARI Jul Sep Nov Jan	73.10 73.16 68.75 3E JUICE Close 191.50 189.65 182.55 179.90	72.37 72.32 65.80 15,000 fbs; Previous 192.20 189.15 182.25 178.75	73.00 73.00 0 conts/lbs High/Low 192.90 189.40 183.10 180.20	78.00 0 191.00 187.55 181.10 180.20
1 0. :	mith ago yr ago 1906.5 2023.6 31 1974 - 100) muth ago yr ago 135.42 131.50	May Jul Oct ORANI Sep Nov Jen Mar	73.10 73.16 68.75 3E JUICE Glose 191.50 188.65 182.55 179.90	72-37 72-32 66.80 15,000 lbs; Previous 192.20 189.15 182.25 178.75 179.75	73.00 73.00 0 Conts/lbs High/Low 192.90 199.40 183.10 180.20 180.20	78.00 0 191.00 187.55 181.10 180.20 179.75
1 a.:	math ago yr ago 1908.5 2023.6 31 1974 - 100) math ago yr ago	May Jul Oct ORARI Jul Sep Nov Jan	73.10 73.16 68.75 3E JUICE Close 191.50 189.65 182.55 179.90	72.37 72.32 65.80 15,000 fbs; Previous 192.20 189.15 182.25 178.75	73.00 73.00 0 conts/lbs High/Low 192.90 189.40 183.10 180.20	79.00 0 191.00 187.55 181.10 180.20 179.75
1 0. :	mith ago yr ago 1906.5 2023.6 31 1974 - 100) muth ago yr ago 135.42 131.50	May Jul Oct ORANI Sep Nov Jan Mar May	73.10 73.16 68.75 SE JUICE Close 191.50 188.65 182.55 178.90 178.90	72.37 72.32 65.80 15,000 lbs; Previous 192.20 189.15 182.25 179.75 179.75 179.00	73.00 73.00 0 conts/lbs High/Low 192.90 189.40 180.20 180.20 180.20	78.00 0 191.00 187.55 181.10 180.20 179.75
1 0. :	mith ago yr ago 1906.5 2023.6 31 1974 - 100) muth ago yr ago 135.42 131.50	May Jul Oct ORANI Sep Nov Jan Mar May	73.10 73.16 68.75 SE JUICE Close 191.50 188.65 182.55 178.90 178.90	72.37 72.32 65.80 15,000 lbs; Previous 192.20 189.15 182.25 179.75 179.75 179.00	73.00 73.00 0 conts/lbs High/Low 192.90 189.40 180.20 180.20 180.20	79.00 0 191.00 187.55 181.10 180.20 179.75
1 0. :	mith ago yr ago 1906.5 2023.6 31 1974 - 100) muth ago yr ago 135.42 131.50	May Jul Oct ORANI Sep Nov Jan Mar May	73.10 73.16 68.75 SE JUICE Close 191.50 188.65 182.55 178.90 178.90	72.37 72.32 65.80 15,000 lbs; Previous 192.20 189.15 182.25 179.75 179.75 179.00	73.00 73.00 0 conts/lbs High/Low 192.90 189.40 180.20 180.20 180.20	79.00 0 191.00 187.55 181.10 180.20 179.75
1 0. :	mith ago yr ago 1906.5 2023.6 31 1974 - 100) muth ago yr ago 135.42 131.50	May Jul Oct ORANI Sep Nov Jan Mar May	73.10 73.16 68.75 SE JUICE Close 191.50 188.65 182.55 178.90 178.90	72.37 72.32 65.80 15,000 lbs; Previous 192.20 189.15 182.25 179.75 179.75 179.00	73.00 73.00 0 conts/lbs High/Low 192.90 189.40 180.20 180.20 180.20	79.00 0 191.00 187.55 181.10 180.20 179.75

	Close	Previous	High/Low	
Jul	607/4	608/2	610/4	604/0
Aug	613/2	614/2	616/4	610/2
Sep	616/6	617/0	630/0	614/0
Nov	824/4	625/0	628/0	622/0
Jen	635/4	636/0	637/4	633/0
Mar	845/4	645/4	649/4	644/0
May	656/2	655/4	656/4	652/4
SOYA	BEAN OIL	60,000 lbs; c	ents/lb	
	Close	Previous	High/Low	
Jul Aug	24.74 24.62	24.92 24.75	24.95 24.79	24.55 24.42
Sep	24.40	24.55	24.57	24.25
Oct	23.97	24.12	24.18	23.90
Dec	23.61	23.74	23.80	23.50
Jen	23.35	23.52	23.60	23.35
Mar	23.15	23.30	23.30	23.15
May	23.05	23.06	23.20	23.00
SOYA		AL 100 tons:		
L.I	Close	Previous	High/Low	
Jul Aya	175.3 177,0	174,4 176,3	176.3	174.4
Sep	177.U 178.B	176.3 178.2	178.0 180.0	178.4 178.5
Oct	180.1	179.7	161.7	180.0
Dec	184.0	183.7	185.4	183.8
Jen	185.0	184.0	186.0	185.0
Mar	188.0	187.2	188.5	167.0
May	189.2	189.0	190.5	189.0
MACZI		min; cents/5		
	Close	Previous	High/Low	
Jul O	292/2	289/6	292/6	289/6
Sep	289/4	286/6	290/0	287/0
Dec Mar	286/0	283/2	266/0	283/2
Mary	291/6 294/6 NT 5,000 by	288/2 290/6	291/6 295/0 80lb-bushel	288/6 292/4
May	294/6 IT 5,000 bu Close	290/6	295/0	
May WHEA	294/6 AT 5,000 bu Close 385/2	290/6 J mint; cents/ Previous 332/6	295/0 60lb-bushel High/Low 335/6	333/4
Mary WHEA Jul Sep	294/6 AT 5,000 bu Close 385/2 340/0	290/6 J mint; cents/ Previous 332/6 338/4	285/0 80ib-bushel High/Low 335/6 341/4	292/4 333/4 339/0
Mary WHEA Jul Sep Dec	294/6 AT 5,000 bu Close 385/2 340/0 354/4	290/6 J min; cents/ Previous 332/5 338/4 353/0	295/0 80lb-bushel High/Low 335/6 341/4 365/4	333/4 339/0 353/4
May WHEA Jul Sep Dec Mar	294/6 AT 5,000 bu Close 385/2 340/0	290/6 J mint; cents/ Previous 332/6 338/4	285/0 80ib-bushel High/Low 335/6 341/4	292/4 333/4 339/0
May WHEA Sep Dec Mar May	294/6 AT 5,000 by Close 385/2 340/0 354/4 361/0 358/0	290/6 Previous 332/6 338/4 353/0 360/0 358/0	295/0 80lb-bushel High/Low 335/6 341/4 365/4 362/0 361/0	333/4 339/0 353/4 359/6
May WHEA Jul Sep Dec Mar May	294/6 AT 5,000 by Close 385/2 340/0 354/4 361/0 358/0	290/6 J min; cents/ Previous 332/6 338/4 353/0 360/0	295/0 80ib-bushel High/Low 335/6 341/4 365/4 362/0 361/0	333/4 339/0 353/4 359/6 367/0
May WHEA Jul Sep Dec Mer May	294/6 AT 5,000 by Close 335/2 340/0 354/4 361/0 358/0 ATTLE 40, Close 78.20	290/6 J min; cents/ Previous 332/6 338/4 353/6 360/0 356/0 OOO lbs; cent Previous 76.12	295/0 80ib-bushel High/Low 335/6 341/4 355/4 352/0 381/0 ts/fbs High/Low 78.35	333/4 339/0 353/4 359/6
May WHEA Jul Sep Dec Mar May	294/6 AT 5,000 by Close 335/2 340/0 354/4 361/0 358/0 ATTLE 40, Close 76,20 74,25	290/6 Previous 232/5 238/4 353/6 359/0 000 lbs; cen Previous 76.12 74.55	295/0 801b-bushel High/Low 336/6 341/4 365/4 365/4 362/0 381/0 bs/fbs High/Low 78.35 74.45	333/4 339/0 353/4 359/6 367/0
May WHEA Jul Sep Dec Mar May LIVE C	294/6 XT 5,000 bu Close 335/2 340/0 355/4 361/0 358/0 ATTLE 40 Close 76,25 76,55	290/6 Previous 332/6 338/4 353/0 360/0 358/0 Previous 76.12 74.55 78.77	295/0 801b-bushel High/Low 336/6 341/4 365/4 362/0 381/0 bs/fbs High/Low 78.35 74.45 76.75	292/4 333/4 339/0 353/4 359/6 257/0 76.82 76.82 76.82
May WHEA Jul Sep Dec Mar May LIVE C	294/6 Close 335/4 361/0 358/0 CATTLE 40 Close 76.20 74.25 76.57	290/6 J min; cents/ Previous 332/6 338/4 353/6 360/0 358/0 000 lbs; cent Previous 76.12 74.55 76.77 76.50	295/0 80ib-bushel High/Low 335/6 341/4 365/4 365/0 381/0 ts/fbs High/Low 78.35 74.45 76.75 78.50	333/4 339/0 353/4 359/6 367/0 76.82 74.02 76.12
May WHEA Jul Sap Dec Mar May LIVE C	294/6 AT 5,000 by Close 335/2 349/0 354/4 361/0 358/0 Close 76.25 76.55 76.35	290/6 J min; cents/ Previous 332/5 338/4 353/6 369/0 359/0 000 lbs; cen Previous 76.12 74.55 76.77 76.50	295/0 80tb-bushel Hight/Low 335/6 341/4 365/4 365/4 365/4 361/0 81/0 81/0 Hight/Low 76.35 74.45 76.75 78.50	333/4 338/4 338/6 353/4 359/6 357/0 76.82 74.90 76.27 76.72
May WHEA Jul Sap Dec Mar May LIVE C	294/6 Close 335/4 361/0 358/0 CATTLE 40 Close 76.20 74.25 76.57	290/6 J min; cents/ Previous 332/6 338/4 353/6 360/0 358/0 000 lbs; cent Previous 76.12 74.55 76.77 76.50	295/0 80ib-bushel High/Low 335/6 341/4 365/4 365/0 381/0 ts/fbs High/Low 78.35 74.45 76.75 78.50	333/4 339/0 353/4 359/6 367/0 76.82 74.02 76.12
Mary WHEA Sep Dec Mar May LVE C	294/6 AT 5,000 by Close 335/2 349/0 354/4 361/0 358/0 Close 76.20 76.25 76.55 76.95	290/6 Previous 332/5 338/4 353/6 369/0 359/0 000 lbs; cen Previous 76.12 74.55 76.77 76.50 75.92 76.92	295/0 801b-bushel Hight/Low 335/6 341/4 365/4 365/4 365/0 381/0 bs/fbs Hight/Low 78.35 74.45 76.75 76.50 76.50 76.50	333/4 338/4 338/6 353/4 359/6 357/0 76.82 74.90 76.27 76.72
Mary WHEA Sep Dec Mar May LVE C	294/6 AT 5,000 by Close 335/2 349/0 354/4 361/0 358/0 Close 76.20 76.25 76.55 76.95	290/6 Previous 332/6 338/4 353/6 356/0 76.12 76.52 76.52 76.92 00 lb; cents/f	295/0 80ib-bushel High/Low 335/6 341/4 365/4 365/4 362/0 361/0 ts//bs High/Low 76.35 74.45 76.75 76.50 75.90 76.90	292/4 333/4 339/0 353/4 359/6 367/0 76.82 74.00 76.72 76.72
May WHEA Jul Sep Dec May May LVE G	294/6 AT 5,000 by Close 338/2 349/0 358/0 358/0 ATTLE 40 Close 74.25 76.20 74.25 76.90 ROGE 30.0	290/6 Previous 332/6 338/4 353/6 356/0 76.12 76.12 77.52 76.50 75.92 Previous	295/0 80ib-bushel High/Low 335/6 341/4 365/4 365/4 362/0 361/0 bs/fbs High/Low 76.50 75.90 76.90	292/4 333/4 339/0 353/4 359/6 367/0 76.22 76.82 76.72 76.72
May WHEA Jul Sep Dec Mar May LIVE G LIVE H LIVE H LIVE H	294/6 AT 5,000 by Close 335/2 349/0 354/4 361/0 358/0 ATTLE 40 Close 76.25 76.95 76.95 76.90 Close 54.32	290/6 Previous 332/5 338/4 353/6 359/0 359/0 000 lbs; cen Previous 76.12 74.55 76.77 76.50 75.92 76.92	295/0 80ib-bushel Hight/Low 335/6 341/4 365/4 365/4 365/0 381/0 bs/lbs Hight/Low 76.35 74.45 76.75 76.50 76.50 76.50 76.50	292/4 333/4 339/0 353/4 369/6 267/0 76.52 76.52 76.72 76.72 76.72
May WHEA Jul Sep Dec May May LIVE C	294/6 AT 5,000 by Close 335/2 349/7 354/4 361/0 358/0 Close 76,20 76,25 76,55 76,95 76,90 Close 64,32 Close	290/6 Previous 332/6 338/4 353/0 360/0 358/0 000 lbs; cen Previous 76.12 74.55 76.77 76.50 75.92 Previous 64.55 63.10	295/0 80ib-bushel High/Low 335/6 341/4 365/4 362/0 381/0 55/75 High/Low 78.35 74.45 76.75 76.50 75.90 bs High/Low 65.00 63.22	292/4 333/4 339/6 353/4 359/6 267/0 76.82 76.12 76.12 76.72 6.12 76.72
May WHEA Jul Sep Bec Mer May LIVE B LIVE H 294/6 AT 5,000 by Close 335/2 349/0 358/0 358/0 ATTLE 40 Close 78.25 74.25 76.95 76.90 Close 64.32 62.70 60.17	290/6 Previous 232/6 238/4 353/6 359/0 359/0 000 lbs; center/ 76.12 74.55 78.77 76.50 75.92 76.92 Previous 64.55 63.10 60.45	295/0 80ib-bushel Hight/Low 335/6 341/4 365/4 365/4 362/0 381/0 bs/fbs High/Low 76.50 75.90 76.90 65.00 63.22 66.65	292/4 333/4 339/0 353/4 359/5 267/0 76.72 76.72 76.72 64.00 62.15 59.75	
May WHEA July Sep Dec Mary May LIVE B	294/6 AT 5,000 by Close 335/2 349/0 354/4 361/0 358/0 ATTLE 40 Close 76.25 76.95 76.95 Close 54.32 62.70 60.17 54.76	290/6 J min; cents/ Previous 232/5 238/4 253/6 256/0 356/0 356/0 000 lbs; cents/ 76.12 74.55 76.77 76.50 75.92 76.92 00 lb; cents/ Previous 64.55 62.10 60.45 54.65	295/0 80ib-bushel High/Low 335/8 341/4 365/4 365/4 365/0 301/0 15/7bs High/Low 76.35 74.45 76.75 76.50 76.90 76.90 65.22 60.65 54.97	292/4 333/4 339/0 353/4 359/6 367/0 76.22 76.70 76.72 76.72 76.72 76.72 76.72 76.72 54.00 62.15 59.75
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May WHEA Juli Sep Sep Mary IVE G LIVE H LIVE H LIVE H LIVE H	294/6 AT 5,000 by Close 338/2 349/0 358/4 361/0 358/0 ATTLE 40, 76.20 74.25 76.37 75.85 76.90 Close 84.32 60.17 54.70 60.17 54.73	290/6 J min; cents/ Previous 232/5 238/4 253/6 256/0 356/0 356/0 000 lbs; cents/ 76.12 74.55 76.77 76.50 75.92 76.92 00 lb; cents/ Previous 64.55 62.10 60.45 54.65	295/0 80ib-bushel High/Low 335/8 341/4 365/4 365/4 365/0 301/0 15/7bs High/Low 76.35 74.45 76.75 76.50 76.90 76.90 65.22 60.65 54.97	292/4 333/4 339/0 353/4 359/6 367/0 76.27 76.72 76.72 76.72 76.72 64.00 62.15 54.05 83.26 54.05
May WHEA July Sep One July LIVE C LIVE H LIVE	294/6 AT 5,000 by Close 335/2 349/0 354/4 361/0 358/0 Close 76.26 76.26 76.37 76.96 Close 54.32 62.70 60.17 54.76 53.85 51.30 54.22	290/6 Previous 232/5 238/4 238/4 238/6 238/0 260/0 258/0 000 lbs; cents/7 76.50 77.52 76.92 00 lb; cents/1 Previous 64.55 63.10 80.45 54.65 53.76 51.40	295/0 80ib-bushel High/Low 335/6 341/4 365/4 365/4 365/0 361/0 15/7bs High/Low 76.35 76.75 76.50 76.90 76.90 65.00 63.22 60.65 54.97 54.00 51.45 48.25	292/4 333/4 339/0 353/4 359/5 367/0 76.72 76.72 76.72 76.72 76.72 76.72 76.72 76.72 76.75 54.05 59.25
May WHEA Jul Jul Sap Dec Sap Mar May LIVE C LIVE H LIVE H Aug Oct Sac Sac Sac Sac Sac Sac Sac S	294/6 AT 5,000 by Close 335/2 349/3 354/4 361/0 358/0 Close 76.36 774.25 78.55 78.56 76.90 Close 54.32 62.70 54.70 53.85 51.30 48.22 BELLIES Glose	290/6 Previous 332/5 338/4 353/6 360/0 359/0 000 lbs; cents/7 76.52 76.77 76.50 775.92 76.92 00 lb; cents/1 Previous 64.55 63.10 80.45 54.65 53.76 51.40 48.15	295/0 80ib-bushel High/Low 335/6 341/4 365/4 365/4 365/0 361/0 15/7bs High/Low 76.35 76.75 76.50 76.90 76.90 65.00 63.22 60.65 54.97 54.00 51.45 48.25	292/4 333/4 339/0 353/4 359/6 367/0 76.27 76.72 76.72 76.72 76.72 64.00 62.15 54.05 83.26 54.05
Mary WHEA Jul Sep Dec Sep Dec Sep Aur LIVE C LIVE H LIVE	294/6 AT 5,000 by Close 335/2 349/0 354/4 361/0 358/0 ATTLE 40 Close 76.25 76.55 76.90 Close 54.32 62.70 60.17 54.76 55.85 51.30 Close 54.72 62.70 60.17 54.76 55.85 51.30 Close 60.17 55.85 60.17 60.	290/6 J min; cents/ Previous 332/5 338/4 353/0 358/0 358/0 358/0 358/0 76.12 74.55 76.77 76.50 775.92 76.92 76.92 76.92 76.92 76.92 76.92 76.92 76.92 76.92 76.92 76.92 76.92 76.92 76.92 76.92 76.92 76.92	295/0 80ib-bushel Hight/Low 335/6 341/4 365/4 365/4 365/4 365/4 365/0 381/0 8s/ibs Hight/Low 76.35 76.75 76.50 76.50 76.50 63.22 60.65 54.97 54.00 51.45 49.25 sents/ib Hight/Low 71.35	292/4 333/4 339/0 353/4 359/6 367/0 76.27 76.12 76.72 76.72 76.72 76.72 76.72 54.03 62.15 54.05 54.06 54.06 62.15 54.06 62.15 54.06 62.16 63.06
Mary Mary Jul Sap Dec Sap Mary Mary Mary LIVE C LIVE H Live Live Aug Oct Sab PORIX Live Li	294/6 AT 5,000 by Close 335/2 349/2 349/2 358/0 ATTLE 40 Close 78.25 78.25 78.25 78.90 Close 64.32 62.70 60.17 54.75 51.30 48.22 Close 70.50 67.55	290/6 Previous 332/6 3384/4 353/6 359/0 359/0 ,000 lbs; cem Previous 76.12 74.55 78.77 76.50 75.92 76.92 D0 lb; cents/f Previous 64.55 63.10 80.45 54.65 53.75 51.40 48.15 40.000 lbs; ce Previous 69.75 67.30	295/0 80ib-bushel High/Low 335/6 341/4 365/4 365/4 365/4 362/0 361/0 84/7bs High/Low 78.30 75.90 76.90 76.90 65.02 63.22 60.65 54.97 54.45 74.45 74.45 74.45 76.75 76.90	292/4 333/4 339/0 353/4 359/0 367/0 76.22 74.00 76.72 76.72 76.70 76.72 76.70 76.72 76.70 76.72 76.70 76.72 76.70 76.72 76.70 76.72 76.70 76.72 76.70 76.72 76.73 76.74 76.75
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May WHEA Jul Jul Sap Dec Sap Mar May LIVE C LIVE H LIVE H Aug Oct Sac Sac Sac Sac Sac Sac Sac S	294/6 AT 5,000 by Close 335/2 349/2 349/2 358/0 ATTLE 40 Close 78.25 78.25 78.25 78.90 Close 64.32 62.70 60.17 54.75 51.30 48.22 Close 70.50 67.55	290/6 Previous 332/6 3384/4 353/6 359/0 359/0 ,000 lbs; cem Previous 76.12 74.55 78.77 76.50 75.92 76.92 D0 lb; cents/f Previous 64.55 63.10 80.45 54.65 53.75 51.40 48.15 40.000 lbs; ce Previous 69.75 67.30	295/0 80ib-bushel High/Low 335/6 341/4 365/4 365/4 365/4 362/0 361/0 84/7bs High/Low 78.30 75.90 76.90 76.90 65.02 63.22 60.65 54.97 54.45 74.45 74.45 74.45 76.75 76.90	292/4 333/4 339/0 353/4 359/0 367/0 76.22 74.00 76.72 76.72 76.70 76.72 76.70 76.72 76.70 76.72 76.70 76.72 76.70 76.72 76.70 76.72 76.70 76.72 76.70 76.72 76.73 76.74 76.75



LONDON STOCK EXCHANGE

ERM entry factor supports equities

its advance yesterday, follow-ing sterling and gilt-edged bonds to higher ground in the wake of reports that the British Government plans to take the pound into the exchange rate mechanism of the European Monetary System this

Im in

Mas Mela

This see

The equity market responded readily to the Financial Times report that full entry into the ERM is planned for September or October, provided sterling is strong enough. However, share gains were trimined after comments from Downing Street and from Mr John Major, the UK Chan-cellor, who refused to be more

Market

cool on

Fisons

negatively to the manner in

which Fisons' asthma drug Tilade was recommended for

approval by the advisory com-

mittee of the US Food and Drugs Administration. Fisons

was the worst performing stock in the FT-SE 100 index on

Mr Ian Moore at UBS Phillips & Drew said: "The tone of the [committee] meeting was

unenthusiastic. The authorities are not going to bust a gut to get this on to the market as quickly as possible." He pre-dicted Tliade would not be on

sale until "well into 1991."

His counterparts at BZW, long-standing bears of Fisons,

said there was little scientific or clinical evidence that Tilade

would prove to be a major com-

mercial success. They also argued that the arrival of the

drug on the market would be

delayed. The average time for a drug to be approved after

recommendation is 19

months," said one.

Fisons moved quickly to the

attack. Dr Peter Woods, for-

merly an analyst with BZW and S.G. Warburg and now

director of corporate affairs at

Fisons, said that Fisons had

not spoken to BZW analysts for

more than two years and

repeated his company's belief

that there was no reason why

Tilade should not get approval before the end of the year.

ANALYSTS

Accoun	Penling	Dates ·
The Dealings:	Jun 11	Jun 25
Option Destaration Jun 7	July 21	Jul 6
Late Declinger Jun 5	An 22	Julio
Amend Days Jun 18	Jul 2	Jul 16-
Tien-time dealer \$30 am ino busi	go tray take Bush dajis o	place from erior.

specific on the timing of British entry. The stock market opened sharply higher in response to the ERM entry report and also the overnight advance on Wall Street. Early gains were extended strongly when the stock futures market opened with a premium on the FT-SE

Cable & Wireless

British Airways continued

to benefit from good traffic fig-ures announced on Monday.

The shares rose 4 to 213p.
When Polly Peck issued a denial that it intended to hid

for Granada, the latter's shares slipped 4 to 273p. Polly Peck closed unchanged at 450p.

Tarmac gave up early gains to finish lower on the day fol-

lowing a cautious annual gen-

100

responded

June futures contract which quickly expanded to nearly 40 points

The gain in the futures palled the underlying cash market ahead in its wake, and the FTSE Index increased from 18.5 to 30.4 points within half an hour of the opening of trad-ing in the June Footsie future

This proved to be the high point of the day, however, and shares drifted off their best levels in the absence of any significant weight of institutional support. Traders said that while some overseas funds found encouragement in the renewed focus on ERM entry, UK funds remained cautious on UK economic prospects and were discouraged by a batch of downgradings of leading shares, including British Steel. Equities also reacted to the failure of UK Government bonds to hold on to their best levels and to a narrowing in the premium in the Footsie

By the close, when London was additionally restrained by a slow start to the new Wall Street session, the FT-SE Index had slipped to 2,379.7, but still producing a net gain of 21.9 on the day. Seaq volume showed a modest increase at 433.7m shares, against Monday's total

A question mark still hangs

Trafalgar closed unchanged at (op, having been 4 better ini-

21 to 395p following a smaller than expected decline in final profits. They fell to £70.8m from £87.2m but some analysts had believed they could have declined to 265m.

McCarthy & Stone rose 9 to 85p after a poorly executed buy order, while Mowlem put on 7 to 330p as prices were marked higher on modest buying in a quiet market. Tilbury moved ahead 23 to 600p following the announcement after the market had closed on Monday that Philipp Holzmann, the West German construction company,



Equity Shares Traded Turnover by volume (million)

400 200

and takes over from Mr Roger

Thomas, who become

INVESTMENT

director.

at Fitch R.S.

City solicitors.

director

at BRS

managing director of the

group's building materials

CHESSINGTON TYRES,

Bordon, has appointed Mr Philip Edwards as financial

■ Mr William van Stranbenzee has been appointed a director of J.O. HAMBRO

MANAGEMENT. He was a director of Morgan Grenfell Investment Management.

■ MILLICOM CELLULAR

(U.K.), which provides Cellnet and Vodafone networks, has

appointed Mr Peter Little as

managing director. He joins from Signet, formerly Access,

the joint credit card company, where he was production

■ The DAVIES GROUP, shopfitters, has appointed Mr Richard Burdett Proctor as

special projects executive. He was divisional director of retail

■ PICKERING KENYON,

as a partner to found a

Engineering

believed to be the oldest firm of solicitors in England, has

construction law department.

He was with another firm of

appointed Mr John A. Stanford

had taken a 14.05 per cent stake.

over turnover levels in the market, despite the withdraw-

als from London equity market

making of two securities firms

over the past trading week. Statistics from the Interna-

tional Stock Exchange show

that daily volume is still

struggling to hold to what are

ible with overall market profit-

een as minimal levels compat-

Market strategists were cau-

tious in evaluating yesterday's

advance in equities. Some of the day's best performances

came from shares more likely to benefit from New York influences than from higher

sterling - ICI and Glaxo, for

Racal Electronics and Racal Telecom both slipped 3 to 211p and 362p respectively against the market trend ahead of finals due today. Unitech climbed 8 to 369p

after Mr Tito Tettamanti, the Swiss arbitrageur, increased his stake in the company by a further 1.2m shares. His holding is now 24.16 per cent. A two-for-five rights issue at 70p a share to raise 55.1m for Electron House was accompan-ied by a positive statement on the company's prospects. The

shares rose 9 to 69p.
Wiggins Teape Appleton,
recently demerged from BAT
Industries, lost 2 against the
market trend to close at 206p. Turnover was 10m and there were suggestions that one for-eign-owned securities house had tried to place a long line of the stock.

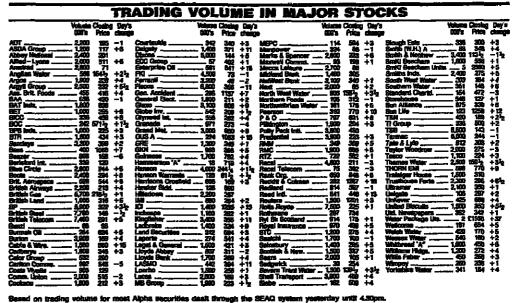
Second line stocks attracted

attention in the brewery sec-tor. J.A. Devenish ended down

12 at 169p after bottoming at 166p. Analysts cut their profits forecasts for the company when it posted a 26 per cent profits fall at the interim stage to £3.8m. A 16 per cent annual profits rise to £17.4m left Marston Thompson 3 up at 180p.
Harlewood Foods dropped 8
to 144p following disappointing
full year results. The £57.1m of profits were in line with expec-tations but had been boosted by 24m of exceptional items. In ddition, the announcement that earnings per share growth would be restrained by its restructuring also depressed the stock. Analysts accordingly lowered their forecasts for the current year. Hoare Govett

now expects £60m, down from

FINANCIAL TIMES STOCK INDICES 127.4 84.20 (9/1/35) 87.33 87.65 87.41 83.BD 105.4 (28/11/47) (3/1/75) 1977.9 2009.6 (5/9/89) Gold Mines 187.9 202.9 378.5 (15/2/83) (26/10/71) (12/6)FT-SE 100 Share 2378.4 2358.5 2103.4 (23/7/64) Ord. Div. Yield Earning Yid %(tuil) P/E Ratio(Net)(☆) 4.89 10.92 11.06 Beats 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/56. Baste 100 FT-8E 100 31/12/53. \Rightarrow Nii 11.19 4.56 10.85 11.12 11.13 10.88 11,32 10.94 SEAQ Bargris 4.45pm Equity Turnover(2m)† Equity Bargains† Shares Traded (mi)† 24,528 718.83 25,667 298.0 29,380 1077.91 29,925 459.6 31.097 Gilt Edged Bargains 81.8 5-Day average ery Share Index, Hourly changes Day's High 1906.8 Day's Low 1892.9 "SE Activity 1974, fexcluding intra-marks business & Overness turnover. Calculation of the FT indices of daily Equity Bargains an Equity Value and of the five-day averages. Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 23 available on request. 1 pm 2 pm 3 pm 4 pm 1904.9 1904.1 1905.2 Open 9 am 10 am 1902.7 1900.4 Day's High 2379.2 Day's Low 2357.3 9 am 10 am 11 am 2378.2 2374.9 12 pm 1 pm 2 pm 3 pm 4 pm 2375.8 2375.8 2375.8



£67m. County NatWest reduced its forecast to £59m from £70m, and Salomon Brothers moved

to £60m from £67m. Dalgety rose 11 to 371p in response to a positive note from Barclays de Zoete Wedd. BZW noted that the recent weakness in Dalgety's shares had been overdone and that the stock currently stood at a 20-year low relative to the market. It advised investors to buy. Cadbury Schweppes gained 3 to 345p as Hoare Govett raised its interim profits forecast to

£103m from £94m. Hoare said the recent performance of Cadbury's confectionery and drinks business had been better than it previously expected. Vosper Thornycroft gained 7 to 228p following a 16.7 per cent rise in full year profits to

£12m. Analysts said the recent arms cuts proposed by the superpowers had left the mar-ket worried about the future performance of defence orien-tated companies. But Vosper brushed those concerns aside and its shares rallied, helped also by a positive statement from the chairman.

As a result, County NatWest raised its profit forecast for the current year to £14.5m from £13.7m. Mr Pete Deighton of County said the strength of Vosper's order book and cash balance had prompted him to raise his estimate. Vosper's announcement boosted VSEL 7 to 345p; the latter reports its

Smiths Industries improved 5 to 275p on suggestions that it had been left out by the recent

market advance. Similar talk market advance. Similar talk helped GKN rise 5 to 398p. Thomas Locker "A" gained 3 to 28p on full year profits increased to £3.0m from £2.2m. Cambridge Electronic said that its £35m disposal programme was being realised. The shares added 11 at 177p. The directors of Unilock put The directors of Unilock put the company up for sale and the shares jumped 19 to 81p. The directors of third market quoted Haemocell said, after traded had ended, that they were "unaware of any reason" for the sharp fall in the company's shares. The price had lost 37 to 68p.

■ Other Market statistics. including the FT-Actuaries share index, Page 26

CAMADIANS (2) Brown SHELDENGS (5) CHESICAL'S (5) DECREEMED (2) SHELDENGS (5) CHESICAL'S (5) DECREEMED (2) SHUBSTERLIS (4) AMBORING (3), DECREEMED (2) Green (5) & Part, Handley-Malbor, Hold Tech, Intercurpe Tach, NAC 7-75pp Ar Rd. Pt., Norton Grp., SI Grp., Socie. (Habernas Partnership, LESSINS (8) SHOTES (3) NEWSTAPPERS (1) PAREN (2) PROPERTY (7) SOUTH AFRICASS (1) ******CAT (1) TRILITS (3) GLS (1)

APPOINTMENTS

NEW HIGHS AND LOWS FOR 1990

The recent calm in Cable and Wireless shares followed a year's volatility in the wake of the Chinese Government's actions in

Tlanammen Square. Final results out today should do little to disturb the tranquility: 80 per cent of C and W's profits come from Hong Kong Telecom, which has published its 1989 results.

New chief at Aitken Hume

m Mr Ziad H. Idilby has been appointed chairman and chief executive of AITKEN HUME INTERNATIONAL. He takes over from Mr Jonathan Aitken becomes deputy

Mr Idilby is president and chief executive of SIFCORP, an international investment company which is a major shareholder in Aitken Hume. Before co-founding SIFCORP in 1981 he held a number of senior posts with The First National Bank of Chicago. Mr Idilby was head of Europe, Middle East and Africa in London, and then became head of the international banking department in Chicago. He said the board intends to expand existing businesses, and pursue opportunities in Europe and the Far East.

■ SURVIVAL AIDS, Penrith, has appointed Mr Richard Farncombe and Mr Tolla Sutcliffe as joint managing directors, and Mr Nick Steven as executive chairman.

McCARTHY & STONE has made three regional appointments to its development board: Mr Charlie Monk, Glasgow; Mr Edric White, Altrincham; and Mr Howard Philips, Bedford.

Mr Joe Sugden has been appointed chief executive and Mr Tony Fisher becomes financial director at BIMEC INDUSTRIES environmental building services division.



RENDECK INTERNATIONAL has appointed Mr Ian Bullen (pictured) as managing director of its UK operation at Southend-on-Sea. He was European marketing manager of G.E. Information Services.

HISTORIC PRODUCTIONS (LANCS), Coventry, which organises themed mediaeval banquets at Coombe Abbey, has appointed Ms Lois Pargetor to the ou general manager. tor to the board. She was



MORGAN STANLEY INTERNATIONAL has appointed Mr Edward Hadas (pictured) to its London-based research department to follow heavy industries on a pan-European basis. He was director of research with Bertrand Michel, Paris.

Mr Colin Trusler, managing director, has been promoted to chairman and chief executive of SHANDWICK CONSULTANTS.

Miss S.J.A. Villiers has been appointed a director of C.T. BOWRING REINSURANCE.

■ HUNTERPRINT GROUP has appointed Mr Andrew Zielinski as group finance director. He was deputy group managing director of Maxwell Consumer Publishing and Communications.

■ WEATHERITE, Warley, has appointed Mr Stephen G. Lander as group financial director. He was group

THE HARTSTONE GROUP. Thame, has appointed Mr Trevor Brentnall as development director. He was a partner with Turner Kenneth Brown, London solicitors who acted for the company on

Moves at News International

Ms Dorothy Cumpsty has been appointed group director of classified sales and marketing, a new post, on the board of NEWS INTERNATIONAL NEWSPAPERS. She was advertisement director of Times Newspapers. Mr Chris Berry, advertisement director

of News Group Newspapers, becomes display advertisement director of Times Newspapers and joins its board. Ms Camilla News Group Newspapers, becomes display advertisement director on its board. These changes are from June 18.

the construction industry

would report lower profits in

1990. Tarmac ended a net penny easier at 244p, having been up 7 at one stage. But analysis said the announce-

ment was not a complete sur-prise and losses were limited.

Turnover was strong with 6m

shares changing hands. Tar-mac's results also kept Trafel-gar House on the defensive;

Marketing the malts

■ Ms Jill Preston has been appointed director of marketing - malt whisky, at the CHIVAS AND GLENIAVET GROUP, part of Seagram. She was marketing controller for new brands with European Cellars.

■ Mr Clive Timms has been appointed director of finance and company secretary at INDEPENDENT TELEVISION NEWS from August 6. He was chief accountant, news and current affairs directorate,



THORNHILL INVESTMENT MANAGEMENT has appointed Mr Bernard Taylor (pictured) as a director. He joined the company in March from Hill

■ WARE TRANSPORT has promoted Mr Frank Dickens to the new post of commercial director. He was general manager, northern division.

■ WESTWARD TECHNOLOGY, Tewkesbury, has appointed Mr Doug Miles as engineering director. He was development manager. ■ G. & S. ALLGOOD.

architectural hardware

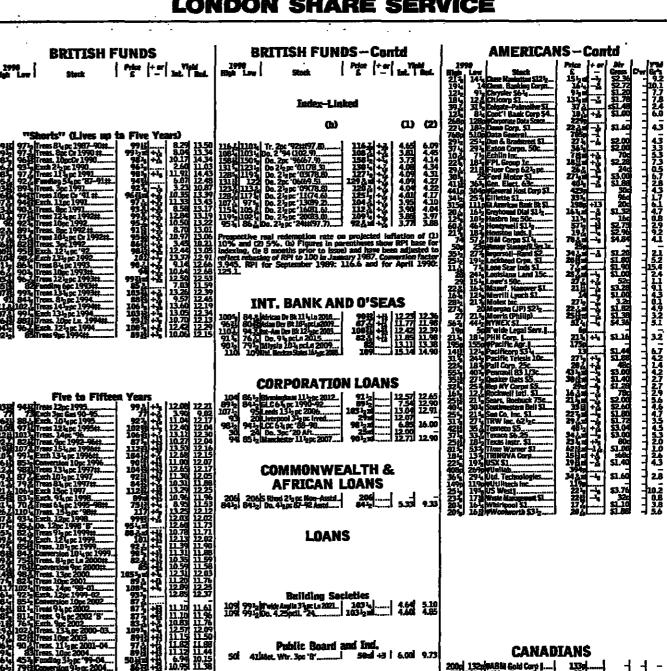
supplier, has appointed Mr

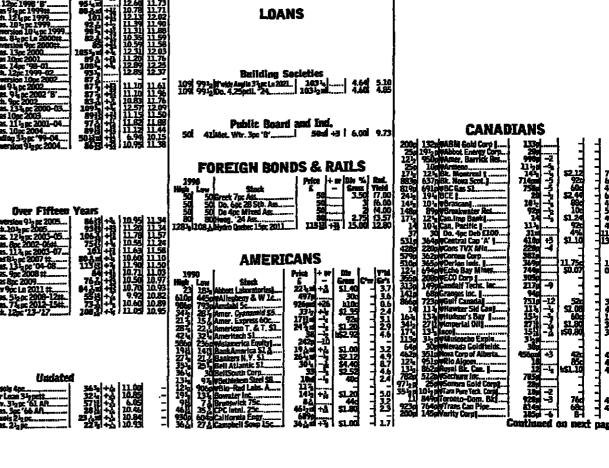
Bob Howell as commercial director from July 9. He was managing director of Walmore Mr John Saunders has been appointed managing director of RYARSH BRICK, Maidstone,

a Kingsway Group company. He was group building materials technical manager,

Mr Phil Biddlecombe (pictured) has been appointed director of engineering at BRITISH ROAD SERVICES, part of the National Freight Consortium. He joins from sister company Exel Logistics, and will review BRS vehicle procurement and purchasing policies. He takes over from Mr John Farrant, who is now European development director for NFC transport division.

LONDON SHARE SERVICE

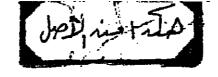




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| 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200.5 | 200. | Ltd (1300)F | Advanta | 1,000 | Advanta | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1, 0703 22 -0.4 +0.3 +0.3 +0.3 -0.5 +0.1 +0.3 res successions res de la company de la comp Pic II 4 1.78 4 961 - 965 - ..|283.13 298.04| **-1.3**4| PAM Global Growth. | 107 6 Inhersal Plan Book | 110 7 NEL Pensagas Ltd Mitton Court, Oorking, Sarrey Marticholes Funds. | 103 8 Do. 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FOREIGN EXCHANGES

ERM speculation boosts pound

STERLING CAME under the spotlight following a report in the Financial Times about possible UK entry into the European Monetary System's exchange rate mechanism dur-ing the autumn. The pound opened at DM2.8700, and gained 3 pfennigs to close around the day's peak at DM2.8825, despite dampening comments on the subject from

1

The UK Prime Minister's office described the report as "pure speculation", while Mr John Major, Chancellor of the Exchequer, declined to com-ment on the FT article, but told the West German Chamber of Industry and Commerce that not all the conditions for Britain's entry into the ERM have yet been met. He added:"I think no one has any doubt now that the Government is committed to joining the ERM and we have set out the conditions under which that will be possible. A good deal of progress has been made on a num-ber of these conditions, but they have not yet all been

A spokesman for the Prime Minister also concentrated on the conditions set out for ERM entry at last year's Madrid summit. These centre on a marked reduction in UK inflation and the liberalisation of

E 1	n new y	ORK
June 12	Close	Previous Close
E.Spot	1.7025-1.7035 0.95-0 94pm 2.65-2.63pm 8.94-8.87pm	1.6860-1.6870 0.90-0.89sa 2.72-2.70pm 9.16-9.08pm
Forward premiu	nts and discounts ap	ply to the US dollar

	STERLIN	Jone 12	Previous
8.30 9.00 10.00 11.00 1.00 2.00 3.00 4.00	am am am pm pm pm	90.1 90.2 90.2 90.2 90.2 90.2 90.3 90.3	89.5 89.4 89.4 89.4 89.4 89.5 89.5

CUR	REN	CY RA	TES
June.12	Bark rate %	Special* Orawing Rights	European † Currescy Unit
Sterling U.S Dollar U.S Dollar Caractian \$ Aostrian \$64. Belgian Franc Danish Arone Danish Arone Danish Arone Lialkan Lira Lapaneer Yen Norway Krone Spanish Piseta Greek Drack Iriek Branc Greek Drack Iriek Drack	7 13.32 652 1052 600 7054 1355 8 11 6.00 2052	0 777654 1.30918 1.53229 15 6080 45.595 8.46516 2.21566 2.49268 7.45905 1627,17 201,483 8.53454 137.402 8.02527 1.88456 N/A	0 714983 1.21726 1.42748 14.4854 42.3058 7.83511 2.05814 2.31508 6.92742 1511_47 188.006 7.90488 127.642 7.43745 1.74433 201.456 9.767406
† European Con		Calculations	

" All SDR rates are for June 11								
CURRENCY	/ MOVE	k ents						
June 12	Bank of England Index	Morgan ^a Goaranty Changes %						
Sterling U.S Doltar U.S Doltar Canadian Doltar Agstrian Schilling Belgian Franc Danish Krone Deutsche Mark Swiss Franc Guilder	90.3 67.8 104.0 109.3 111.2 110.2 118.0 113.5 114.1	-17.3 -10.2 +1.15 -2.2 +4.6 +24.6 +21.7 +16.0						

104.0 100.9 120.4

1985~100%	Bank of England 1 "Rates are fordune." R CURRE	ц.
June 12	Ē	5
Argentina .	8483.00 - 8522.00	4990.00 - 5010 00
Australia	2.2000 - 2.2020	1,2915 - 1 2925
Brazil	93.5900 - 94 5700	55 0000 - 55,6000
Fintand	6.7450 - 6.7665	3,9690 - 3,9720
Greece	279.90 - 284.40	164 15 - 166,85
Hộng Kong	13 2470 - 13 2600	7.7825 - 7.7845
Iran	116 20°	67.90
Korea(Sth)	1197 70 - 1217.05	713.10 - 716 70
Kewalt	0.49560 - 0 49710	0 29270 - 0 29340
Lavemboure	59 15 - 59 25	34 70 - 34 80
Malaysia	4 6040 - 4 6155	2,7075 - 2,7095
Mexico	4833 10 - 4836 25	2843,00 - 2844,00
N. Zealand .	2 9425 - 2.9470	1.7285 - 1.7305
Saudi Ar	6.3500 - 6.3555	3.7495 - 3.7505
Singapore	3.1435 - 3 1505	1.8470 - 1.8490

financial markets within the European Community.
Sterling rose sharply, but the mood of euphoria was edged with caution, as City econo-

mists questioned the motives behind a spate of rumours and counter-rumours about the timing of the pound's full membership of the EMS. Mr Nick Parsons, economist at Union Discount, said he was

suspicious that some officially inspired speculation about early ERM entry could be a smokescreen behind which another poor set of economic data can be released without prompting too serious thoughts about the need for a further rise in bank base rates. He added that if UK economic statistics are to offer evidence that the economy is slowing and that inflationary pressure is abating, there is no need for the Treasury to encourage

spec	ulatio	D.		-vou	~₽
It	was	also	noted	that	th

ERM article appeared at the same time that Mr Karl Otto Pöhl, president of the West
rom, president of the west
Common Brandankani II I
German Bundesbank, called
for a two-speed system moving
towards European monetary
union. He suggested that Ger-
many, France and the Benelux
countries will lead, and other
countries such as the UK will
follow.

the dollar, were ov by the performa pound. The dollar movement, rising from DM1.6915 and unchanged at Y154 to SFr1.4360 from The dollar's index

į	EURO-C	URRENC	Y INT	eres	7 R/	ATES	
Jan 12	Short term	7 Days notice	One Month	Three Mostle	Ţ	Six Months	One Year
certing S Dollar Dollar Dollar Guider Franc Guider Franc Guider Franc Guider Franc Guider Franc Guider Franc Guider Krone Guider Krone Guider Guider Krone Guider Guid	84-84 13-134 812-8 94-94 	14%-14% 84-8% 13%-13% 84-86 94-94 75-774 95-96 12-11 104-10 74-78 84-84	147-141 81-82 137-131 81-81 81-81 81-81 81-91 115-111 115-111 81-82 81-82 115-115	14 2-14 8 -81 13 -13 8 -8 -9 9-83 10-93 11-11 13-11 10-10 81-81	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	4 14 4 8 4 8 5 3 4 12 12 8 4 8 4 8 4 8 4 8 4 8 4 8 4 8 4 8 4 8 4 9 1 1 4 9 1 9 1 9 1 9 1 9 1 9 1 9 1 9 1 9 1 9 1 9 1	141-145 82-83 123-125 84-84 81-85 103-104 12-113 913-92 74-7 102-103 82-83
POUNI		FORW A					
June 12	Day's spread	Close	One mo		% I.L	Three months	% £a.
Canada I.! Netherland: 3. Belgium 5	6935 - 1.7055 9900 - 2.0005 224 - 3 244 8.90 - 59.35 914 - 10 9815	1 7025 - 1 703 1 9955 - 1 996 3 23 4 - 3 24 1 59 15 - 59 25 10 96 4 - 10 97	5 0.21-0 1 12-1 31-1	Sepre L	5.66 1.02 5.72 5.35 3.97	266-262 0.67-0.54 5-44 81-62 114-94	4pm 1.2 pm 6.8 2pm 4.8

8.96-8.86cpm		2.44 · 2.45 1.3960 · 1.3970 be end of London tra				
June 12	Day's spread	FORWAR	One month	% P.2	Times Profits	% pa
JKt	1.6935 - 1.7055	L7025 - 1.7035	0.96-0 93cm	6.66	2.66-2.63am	6.21
	15840 - 15865	1.5845 - 1.5855	0.35-0.30com	246	1.00-0.90om	240
	11700 - 11740	11713 - 11725	0.54-0.57cd/s	-5.67	1.49-1.54ds	-5 16
	L8990 · 19055	1.9035 - 1 9045	par-0.02ces	-0 06	0.05-0.07ds	-0.13
kekatum	34.65 34.80	34.70 - 34.80	1.50-7.50cds	-1.55	8.00-18.00db	-L50
enmark	6.424 - 6 444	6434 - 6.444	1.33-1 63oredis	-2.76	3.70-4 60dls	-2.58
	1 6870 - L6935	1 16915 - 16925	0,04-0.02prpm	0.21	0.05-0.03pm	0.09
ortogal	148 20 - 148 55	148.25 - 148.35	67-77cals	-582	265-280db	-7.34
gain	104 60 - 105.00	104.85 - 104.95	53-65cdls	-6.75	153-178 0 s	-6.31
. [براند	12391 - 1243	12424 - 12424	3.20-3.80 liredly	-3.38	9.00-10.00d/s	-3.06
orway	b.4812 - 6.49 ls	6.49-6.4912	1.55-1.90oredis	-319	4.50-5 30ds	-3 02
rance	5.68 - 5.70	5.691 5.691	0 70-0 75cdis	-1.53	2.33-2.43@s	-1.67
	6.104 - 6114 :	6.104 - 6.114	1 75-2 00 oredis	-368	5 80-6 55dk	-4.04
	154.20 - 154.80	154.40 - 154.50	0.15-0.13mm	1.09	0.40-0.37cm	1.00
ustria	11.88 - 11.904	11 904 - 11 904	0 05pm 0 35gdis	-0.20	0.30-1 40db	-0.29
ustria eltzeriand .						

Belgian Fra Daotsh Kror German D-N French Fran Dutch Gulld Frish Punt Talian Lira Spanish Pes	4 Lark C	7. 6. 2. 0.7	2 1679 79845 04446 85684 30358 63159 529.70 82.829	7.82 2.02 6.92 2.31 0.767 151	9658 9611 9814 1742 1608 1406 1 47 .642	+0.48 +0.67 +1.03 +0.54 +0.56 -1.19 -3.95		+0.53 +0.67 +1.03 +0.54 +0.56 -1.19 -3.95	± ± ± ±	1.508 1.6453 1.1762 1.3618 1.5272 1.6689 1.5162
hanges are for Ecu. therefore positive change desotus a weak currency disclosed calculated by Financial Times. EXCHANGE CROSS RATES										
June 12	£	5	DEN	Yes	F ft.	S Fr.	H FI.	Lira	CS	B Fr
<u>£</u>	1	1.703	2.883	263.0	9.698	2.445	3 243	2116	1.9%	59.2
\$	0.587	1	1.693	154.4	5.695	1.436	1 904	1243	1.172	34.7
DAI	0.347	0.591	I	9 <u>1.22</u>	3,364	0.848	1125	734.0	0 692	20.5
Yen	3 802	6.475	10 %	1000.	36,87	9.297	1233	8046	7.589	225.
F Fr.	1.031	1.756	2.973	271.2	10.	2.521	3 344	2182	2 058	61 0
S Fr.	0.409	0.697	1.179	107.6	3.966	1	1 336	865 4	0 816	24 2
H FI.	0.308	0.525	0 889	B1.10	2.990	0.754	1	652.5	0.615	18.2
Lira	0.473	0.805	1.362	124.3	4.583	1.155	1.533	1000.	0.943	27.9

131.8 4.859 1.225 4443 16.38 4.130

countries countries					DELLA points of 196%	
				se the	Strike Calls-settleme Price Jun S 9075 0 98 0 6	ap Jan Sep ⊾3 0 0.06
pound ha \$1.7030. It	id ga t had	ained 1 also	1.70 c adva	ents to nced to	9100 073 0.4 9125 048 07 9150 024 03	83 0 0.11 26 0 0.19 14 001 0.32
FF19.6975 SF12.4450	5 fro	om F m SF	T19.5 12.42	975; to 75; and	9175 0 02 C.0 9200 0.01 0.0 9225 0 0.0	04 0.28 0.72 02 0.52 0.95
to Y263.0 ling's ind	n o	om Y	260.5	0. Ster-	\$250 0 0.0 Estimated volume total, C Previous day's open int. Cal	01 0.77 1.19
Other o	curi r, w	encie ere o	s, ind versh	luding		_
by the bound. T	perf	огша	nce	of the	LONDON CLIFFE	
novemen from DM1	ıt r	ising	to Di	M1.6920	£50,800 32mb of 100%	High Law Pres.
	Fr5	.6925	. It	was	Jes 83-16 8 Sep 84-02 8 Dec 64-14	High Low Pres. 14-00 83-14 82-24 14-19 83-27 83-11 83-23
o SFr1.4	1360	fron	ı SF1	1.4400.	Estimated volume 32777 Previous day's open int. 3	(19155)
57.8 from					US TREASURY BONDS 89	
HTERES			:S		\$160,880 32mb of 198% Close	High Low Pres
th Med	ths	Str. Monti	- 1	Year		4-68 94-68 94-61 4-61 93-27 93-25 93-16
	14. 13.1	143-14 84-8 136-1		141—143 82-87 12 <u>13—12</u> 5	Estimated volume 1390 (1 Previous day's open lot. 52	.415) 206 (48 54)
413 1413-1 13 134-1 14 84-6 15 9-6 16 9-6 16 11-1 10-9 14 11-1 14 11-1	1	84-8, 84-8, 84-8, 84-8, 104-10		141-143 83-87 123-123 85-84 85-84 103-104 12-13-11 74-72 103-104 82-84	6% NOTIGNAL GERMAN DN250,000 1000s of 100	60VT. 90ND
	11. 12.	72-7		12-11 911-91 72-7	Close	High Low Pres.
0 10 10 10 10 10 10 10 10 10 10 10 10 10	17 102	81-8				207 81.67 81.77
rs 9½-8½ per o IS Dollars and J	cest; fo lapanes	or years 9 e Yes; oub	1.91.0	er cents. five	Previous day's open lut. 57	7828 (53510)
AGAIN	ST.	THE	POL	181D	6% ROTTONAL LONG TER BOND Y180m 1880s of 10	
ne month	% p.z.	mo	atis	% p.a.	Close i Sep 95.26 95 Dec 95.56	High Low Prev. 5.32 95.15 94.87 95.17
96-0.93cpm 21-0 13cpm 1 3-1 3cpm 31-19cpm	6.66 1.02 6.72 5.35	0.6	6-2.63pm 7-0.54pm 5-43pm	6.10	Estimated volume 186 (33) Previous day's open int. 76	9) 1 (820)
4-3 koresen 12-0-37:sem	3.97 4.41	11	81-62рг 1, 91 ₂ рг 5-1 Обри	3.79 4.10	THREE MONTH STERLING	<u> </u>
5g-11gnfpm 12-3epm 7-2epm 51g-5ifrepm	6.52 0.36 0.31 3.27] ⁴	5-4 izon 34-74di:	-086	£589,999 polats of 180%	High Low Prev.
44-4cpm 3-24 green 14-1-ypm	353 311 311	1	10-81-pm 11-11-pm 2-51-pm	332 464 233	Sep 85.45 85	5.05 84.96 84.95 5.54 85.40 85.32 6.36 86.17 86.06 7.08 86.88 86.74
-44 mas I	粉	315	22-11pm 8-չ-16pm 10-8-կրա 1-չ-11pm 3-5-կրա 1-29-կրա 1-29-կրա 5-1-50pm	732 604 5.64	Jms 97.41, 87 Seo 87.81 87	1,52 87.37 87.28 7.92 87.80 87.71
14-1cpm 66-0-53cpm Six-mosth for	4.72				Dec 88.02 86 Mar 88.06 88 Est. Vol. (Inc. figs not sho	3.15 88.05 88.01
					Previous day's open int. 18	2116 (182338)
AGAIN	\$T `		ree	LAR %	THREE MONTH EURODOLL Size points of 180%	
ne month 96-0 93cpm	P.A. 6 66	200	eths	p.a.	- Close H Jun 91.67 91 Sep 91.73 91	Hgb Low Prev. 1.67 91.64 91.68 1.75 91.71 91.74
35-0.30ppm 54-0.57cdis sar-0.02zdis 50-7.50cdis	2.46 -5.67 -9.06 -1.55	1 49 0.05	-2.63pm -0.90pm -1.54dis -0.07dis 18.00dis	240 -516 -013 -150	Dec 91.64 91 Mar 91.56 91 Jun 91.38 91	l.64 91.62 91.64 l.56 91.55 91.57 l.38 91.37 91.40
30-7.300815 I-1.630redis 4-0.02p/pm 67-77cdis	-2.76	3.70 0.05	4 60ds	-2.58 0.09	Sep 91.28 91 Dec 91.14 91 Mar 91.09	.28 91.28 91.32 112 91.12 91.17 91.12
67-77cais 53-65cdls 0-3.80linedis -1.90credis	-582 -6.75 -3.38 -3.19		5-280dls 3-178dls 10.00dls 1-5-30dls	-7.34 -6.31 -3.06 -3.02	Est. Vol. Grac. Figs. not sho Previous day's open Int. 41	ram) 5510 (2963) 819 (41811)
70-0 75cdts -2 00oredis 15-0 13-om	-3 19 -1 53 -3 68 1.09	233 580 8.40	-5 30ds -2 43ds -6 55dis -0 37pm	-1.67 -4.04 1.00	THREE MONTH EUROMARI	<u> </u>
08-0.359dis 08-0.11cdls 20-0.19cpm	-026 079 193	1 9.50	-1 40dls -0 28dls -0.58pm	-0.29 -0.68 1.95	DM 1m points of 100% Close M	igh Low Pre-
t lik, ireland sot to the lad	and EC	موجع لا	oted la U	5 саптасу.	Dec 91.07 91	.73 91.72 91.72 38 91.32 91.33 15 91.07 91.10
ENCY I	ואט	T RA	TES		Sep 90.96 91. Dec 90.93	03 40.97 91.00 99 90.94 90.96 .00 91.00 90.97 90.93
% ctange from	l adj	change usted for	1 Dir	ergence	Mar 90.98 93. Estimated volume 10621 08	.01 91.01 90.94 1803)
rate +0.33	di	rergence +0.33	1	nit % L5608	Previous day's open ion. 750	006 (73825)
+0.48 +0.67 +1.03	:	+0.48 +0.67 +1.03		1.6453 1.1762 1.3618 1.5272	THREE MONTH ECU ECU 1m points of 100%	
+0.54 +0.56	1 :	0.54 -0.56 -1.19 -3.95	±]	L6689	Close H Jun 89.67 89. Sep 89.52 89 Dec 89.57 89.	Reh Low Prev. 1.68 89.67 89.65 1.62 89.52 89.58 1.70 89.70 89.57
-1.19 -3.95 It currency	-	395	<u>=</u> 4	1.5162 1.2705	Mar 89.56	89.58
					Estimated volume 119 (324 Previous day's open lat., 374	11 (3670)
OSS RA	TE	5			FT-SE 100 INDEX	
S Fr. H	Ħ.	Lira	CS	B Fr.	Jun 2398.0 2410	lgh Low Prev. 0 0 2388.0 2370.0
2.445 3 1.436 1	243 904	2116 1243	1.9% 1.172	59.20 34.76	Sep 2453.0 2464 Dec 2495.0	1.0 2447.0 2422.0 2466.0
	瓷	734.0 8046	0 692 7.589	20.53 225.1	Estimated volume 6036 (59) Previous day's open int. 276	72) 602 (25953)
2.521 3 1 1	34	2182 865 4	2 058 8 816	61 04 24 21	POUND-\$ (FOREIGN EXCHA	LIGE)
0.754 1	533	652.5 1000.	0.615 0.943	18.25 27.98	Spot 1-esth, 3	-mth. 6-mth. 12-mth. 6766 1.6525 1.6139
 	478	1060 3574	3,372	29.66 100.	RMM-STERLENG Se per £	
r. per 100.					Sep 1.6756 1.	High Low Prev. 7050 1.6990 1.6844 6770 1.6732 1.6580 6560 1.6502 1.63%
			٠.٠ <u>٠</u>		Dec 1.6512 1.	1,6002 TF33P
F		OM	NOC	MT	REANK FIX	CING
	_				6 mostis US	
G11.00 a m.	June 1	2) 3 ma	onths US	DOI 1972	4	

Estimated aphrae total, Calls 10 Pots 9 Province day's over int. Calls 993 Pots 895 LIFTE EUROMARK OPTIONS **CHICAGO** U.S. TREASURY 90NDS (CBT) 8% \$108,866 32mb of 100%

FINANCIAL FUTURES AND OPTIONS

4-28 3-47 3-67 2-34 2-03 1-40 1-17 0-62

High 94-09 94-02 93-23 93-16 93-07 93-01

92-22 92-19

5-60 3-42 2-60 2-19 1-20 0-61 0-44 0-31

Sep 0-38 0-36 1-15 1-45 2-16 2-57 3-40 4-27

LIFFE BUND FUTURES OPTIONS DN250,000 points of 100%

LIFFE SHORT STERLING OPTIONS £500,990 polets of 160%

Sep 0.58 0.73 0.90 1.11 1.34 1.64 1.95 2.30

High Lex Prev. 1 0.6482 0.6486 0.6466 0.6497 0.6481 0.6482 0.6508 0.6497 0.6497

High Loe Prev. 0.5920 0.5987 0.5913 0.5921 0.5988 0.5912 0.5915 0.5885 0.5907

Sep 0.18 0.42 0.81 1.41 2.14 3.25 4.69

Open Int. 22,905 40,216 5,433 1,197

Open In 10,174 10,801 3,074 2/3

Open Int. 5 106 1,113

Yield 9.8<u>1</u> 9.80 9.79 9.79

8,697

Ykd 10.04 10.17 10.22 10.19

High 91,67 91,74 91,65 91,57 91,39 91,29 91,14 91,11

100.94 100.99 101.08 101.20

Sept. 0.46 0.72 1.09 1 63

74,688

High 2117.0 2115.0 2024.0

BASE LENDING RATES B & C Merchant Bank Bank of India . e Hill Samuel C. Hoare & Co. . Belt Ble of Mid East Comma.Bk.N.East

Nat Westonser Northern Back Ltd Northern Back Ltd Northage Back Provincial Back P.C.... Rodungle G'rastee Royal Bx of Scotland Royal Trust Back Control Back Royal Trust Back Royal Trust Back First National Bank Pic. First National Bank Pic. Robert Flensing & Co. Robert Fraser & Pturs. ... Girobank Genioness Mahou 161₂ 151₂ United Bk of Kuwait United Mizzahi Rauk Hambrus Beak Hampshire Trust Pic Heritable & Gen Inv Buk Unity Trust Bank Plc Hongkong & Skangh Leopold Joseph & Sons Members of British Merchant, Banking & Secarlities Houses Association. ** Deposit, now 5.9%. Screenise 8.5%. Top Tier-850,000-iostant access 13.7% & Mortgage base rate. § Demand deposit, 9%. Mortgage 15.2% - 15.95%. Lloyds Bank Ltd Meghvaj Bank Ltd McDoonell Douglas Bnk Midland Bank

MONEY MARKETS

London rates lower

pean Monetary System kept downward pressure on London interest rates yesterday. Three-month interbank fell to 14%-14% per cent from 151-14%, and 12-month money declined to 141-141 per cent from 14%-14%. Short sterling futures were fairly active on Liffe, opening very firm at 85.45 for September delivery, on expectations that the pound's membership of the EMS exchange rate mechanism will result

UK clearing bank base lending rate 15 per cent from October 5

in lower UK interest rates. The contract touched 85.54, but the mood of euphoria tended to fade and it closed towards the lower end of the day's range, at 85.45, against 85.32 previously. Day-to-day credit was in

reasonably good supply on the money market. The Bank of England initially forecast a shortage of £300m, but revised this to £450m at noon, and to £400m in the afternoon. Total help of £357m was provided. Before lunch the authorities bought £226m bank bills in band 2 at 14% per cent. In the

bills were purchased in band 2 at 144 per cent. Bills maturing in official

afternoon another £131m bank

SPECULATION about full hands, repayment of late British entry into the Euro-assistance and a take-up of Treasury bills drained £488 with the unwinding of bill repurchase agreements absorbing £278m, and bank balances below target £25m. These outweighed Exchequer transactions adding £430m to liquidity and a fall in the note

0.501 1.689

0.853 1.444 2.877 4.870

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

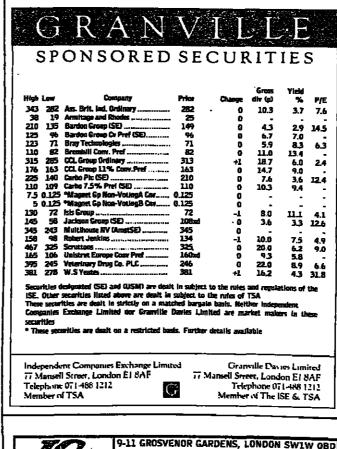
circulation of £70m.
In Brussels the Belgian National Bank cut the interest rate on three-month Treasury bills - the main instrument for guiding monetary policy by 0.10 per cent to 9.65 per cent. This was the second reduction this month and was seen as a move by Belgium to narrow the interest rate gap with West Germany and to tie the Belgian franc more closely to the D-Mark. Rates on one-month and two-month Treasury bills

were also cut by 0.10 per cent to 9.65 per cent. In Frankfurt call money was steady at 7.75 per cent as attention moved towards today's meeting of the Bundesbank council, to be attended by the East German Finance Minister, monetary union is expected to be the main subject of discussion. At this week's securities repurchase agreement tender the Bundesbank drained a net DM2.7bn, by accepting bids for DM12bn of 29-day funds, compared with DM14.7bn leaving the banking system as an earlier facility expired.

## 84 	off	e 84	bk	1 8%	offe	7 8 <u>2</u>
The fixing rates are the s quoted to the market by Bank, Bank of Tokyo, I	The reference b	andrs at 11.00 .	L M. CACH WO'S	ing day. The b	unis are Nation	i rates for S16 nai Westmass
	R	ONE	/ RAT	'ES		
NEW YORK			Treasur	Bills and	Bonds	
(4pm)	9	One morità		7.57 Three	/2 ,	8.41
Prime rate	10] 41, 1	ivo munth Three month Sia month Ine year Iwo year		8.00 Flve; 8.05 Sever 8.10 10-w		8.43 8.52
June 12	Overvigis.	Dne Mosth	Taro Montes	Three Mouths	Six Months	Lombard Intervention
rankfurt.		7.85-8.00	8.00-8 15	815-830	8.40-8.55	8.00
75	95-95	95,-93		912-10%	-	9.50
urich Insterdam	85-85	820-830	-	84-9 832-842		
sigo	72.72	73.71	:	73-75	:	1 :
8)120	. 1114-1114	遊出) ·	1117-1174	-	ì -
Srussels	1111-111	11-112	11-114	17-117	11-114	:
-	LOND	OM RA	ONEY	RATI	ES	
		 144				

LONDON MONEY RATES						
Jup 12	Overnight	7 days notice	One Month	Three Months	Stx Months	One Year
terbank Offer cerbank Bid cerbank Bid cerling CDs. cal Authority Degs. cal Authority Bonds. scount Mit Degs. mance House Deposits nance House Deposits easury Bills (Buy) mit Bills (Buy) mit Bills (Buy) mit Cob. Linked Dep. Differ DI Linked Dep. Bid DI Linked Dep. Bid DI Linked Dep. Bid	14% 12 14% 14%	145 145 143 143 	14411111111111111111111111111111111111	1413 1445 1445 1445 14413 14413 14413 1543 1044 1044	1411 1411 1411 1411 15 1412 1313 1413 913 1014 1014	1411 1411 1411 1411 1411 1411 1611 1011

Treasury Bills (scili); one-month 14 is per cent, three months 14 is per cent; Bank Bills (sell); one-month 14 is per cent; three months 14 per cent; Treasury Bills; Average tender rate of discount 14.4428 nc. ECGO Fixed Rate Sterling Emort Finance. Make up day Maie up day Mai 1, 1990. Agreed rates for period June 26,1990 to July 24, 1990. Scheme I: 15.91 p.c., Schemes II & III: 16.44 p.c., Reference rate for period May 1, 1990 to May 31, 1990. Scheme IV45, 15.201 p.c. Local Authority and Finance Houses seven days notice, others seven days fixed. Finance Houses Base Rate 15½ from June 1, 1990; Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tay Deposit (Series 6); Deposit C100,000 and over held under one month 11½ per cent; one-three months 13 per cent; three-six months 13 per cent, six-nine months 13 per cent; under the months 13 per cent; Under 5100,000 11½ per cent from Oct 9,1989, Deposits withdrawn for 648h 5 per cent.





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this is worth a thousand major market move. Follow the trend, and outre on votat way to:

While charting may look easy, it's not. There's more than a little white charting may four easy, it's not. There's mode only a dittle art—and science—to interpreting a chart. Our lo-page.' Guide to Technical'Analysis' explains the basics, giving you all the information you need to help you get started or give you a riesh perspective. It's an invaluable aid for new and seasoned traders alike.

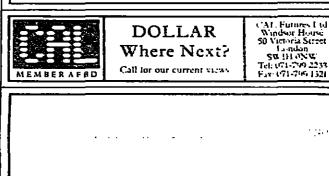
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	academic parent at attach
Futures malane involves mile, mendancible to and cuttering task. It is not therefore surrounds	i ng Baranes (19. shi ng Phaga Blaga ng Palaul at ang Affachat. Panggang ng
SEND TO THE WORLD'S LANGEST FUTURES.	০০৮ জনতে বাৰ্যায় স্থানিক বাৰ্যায় সংগ্ৰহণ কৰিছে । শুক্তি জনিক প্ৰতিষ্ঠান কৰিছে । প্ৰতিষ্ঠান কৰিছে । প্ৰতিষ্ঠান
	ALDOCK & COMPANY

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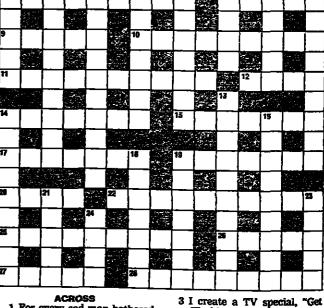
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6 Piece of paper petticoat (4)
7 Pale girl embraced by man
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8 Lively agent just left in it (9)
13 Trembling g-girl stung into
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14 Result received about appro
aching majority? (9)
16 Stop nude members going
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18 Rio – more exotic, more
spacious (7)

19 Suddenly name town (7)
21 More soldiers drop tea and

24 Spend a penny on a ship! (4)

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ACROSS For every sad man bothered about being a joiner – (9)
 – and finding lots of water round many joints (5)
 Man always backs a republic (5)

lic (5)

10 US newspaper proprietor rubs lip he split (9)

11 An armed timing device?

(10) 12 Arms backwards, it's com-

fortable (4)

14 Less free with girl in bushes 15 After hospital Brown's taken charge (7) 17 Guest with rubbish is

returning after six (7)
19 Big-bellied, powerful leading actor enters (7)
20 Label rejected article, more

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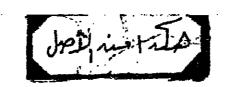
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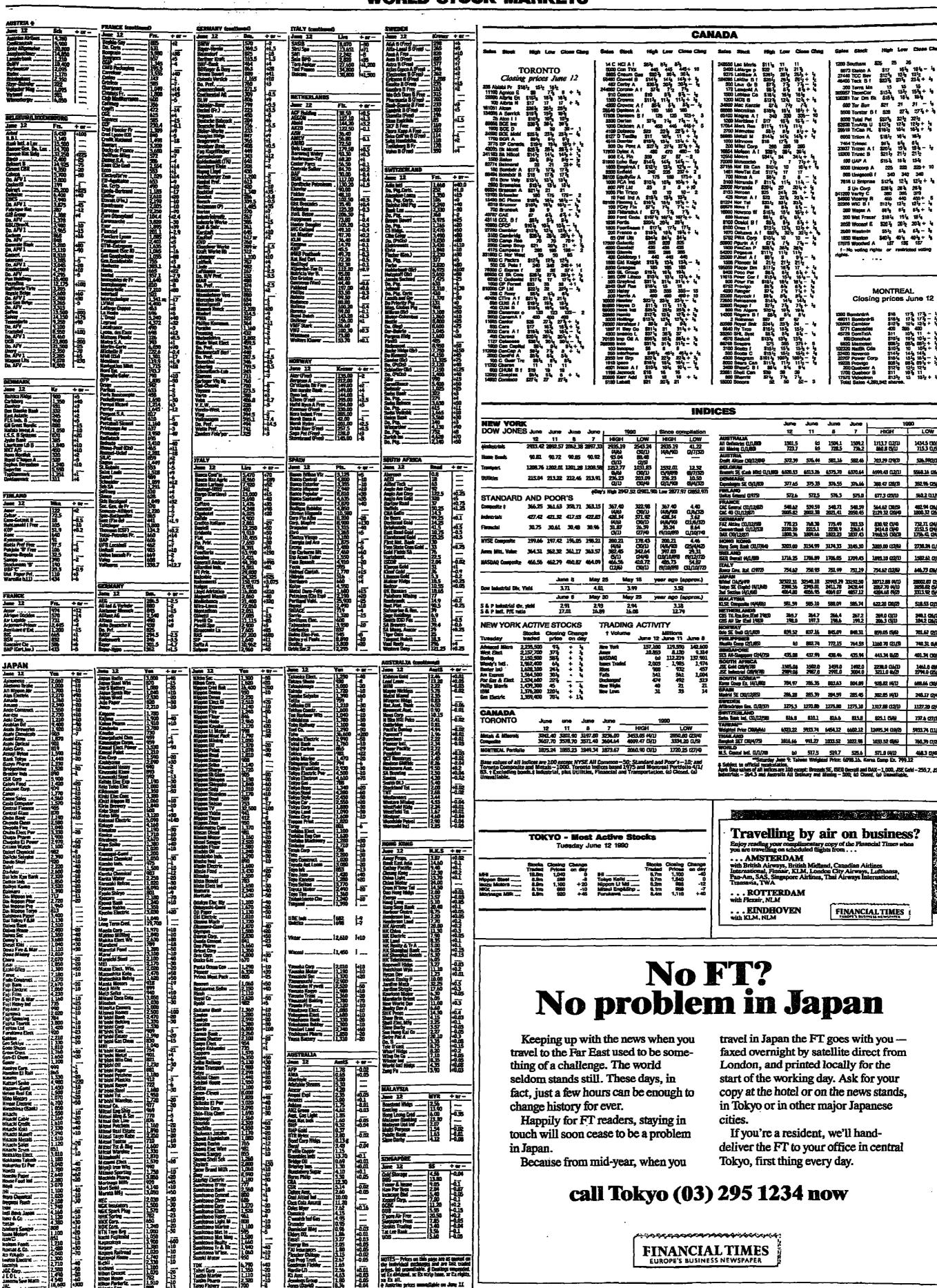
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Late surge pushes Dow up despite cautious dealing

Wall Street

A LATE burst of futures-related programme trading helped push equities sharply higher yesterday afternoon on a day which was characterised by cautious trading ahead of a flood of economic data slated for the end of the week, writes

Karen Zagor in New York,
The Dow Jones Industrial
Average closed up 40.85 points at 2,933.42, after moving in a narrowly mixed range through most of the day. In the last two days the Dow has retraced most of its four session losses from its record 2,935.19 close on June 4. On Monday, the Dow added 30.19 points to close at

Volume on the New York Stock Exchange was moderately thin, with only 158.3m shares changing hands. On the big board, advancing issues outpaced those declining 983 to 539. Among broader market indices, the Standard & Poor's 500 was closed up 4.62 points at 366.25, the New York Stock Exchange Composite added 2.24 points to 199.66 and the moved 1.99 points higher to

The stock market's afternoon surge came in spite of a dull bond market, where the Treasury's benchmark 30-year bond was quoted down a points yielding 8.44 per cent. Fed Funds, the rate at which banks lend to each other, changed hands at 84, and the Federal Reserve did not operate in the open market.

Some analysts believe that the stock market will take its lead from the bond market when the producer and con-sumer price indices for May are released on Thursday and Friday. Both indices are expected to have risen about 0.3 per cent in May. In addition, stocks are expected to get some support from buying by institutions which are cutting back cash positions ahead of the end

of the second quarter. Boeing added \$% to \$58% in very active trading yesterday after gaining \$3 % a day earlier on news that the company had received an order worth \$4.8bn from Korean Airlines.

Among other blue chip issues which have paced the recent stock market raily, IBM

climbed \$2% to \$81%, and Philip Morris rose \$% to \$45. Chase Manhattan Bank fell \$% to \$25% after Moody's Investors Service lowered its rating on the company senior debt based on deterioration in Chase's commercial real-estate portfolio.

Among other money centre hanks, Citicorp gained \$1/4 to \$24. Advanced Micro Devices gained \$1/4 to \$10, National Semiconductor was up \$1/4 to \$8%. In over-the-counter trading, a number of technology issues were on the most active including Sun Microsystems up

Canada

TORONTO stocks rallied in late trade following Wall Street after several rounds of programme buying for quarterly window-dressing, dealers said. The composite index gained 29.00 to 3.607.66 on volume of 19.3m shares. Advances led declines 310 to 249. The Canadian market is still closely watching the constitu-tional accord to see if it will be

Thriving Jakarta tackles teething troubles

Foreign funds and steps to boost liquidity may nurse it through, says Claire Bolderson

IGHTEEN months after the Government announced a series of financial reforms which helped attract foreign portfolio investment, Indonesia's juvenile stock market is beginning to grow up nurtured by overseas investor interest and a flurry

of new listings.

But as with any youthful market, teething troubles persist, and the question now is whether further government measures, such as a new banking law, can keep up with the market's rapid pace of growth. Just over a year ago, there were only 24 companies listed on the main board of the Jakarta Stock Exchange. By the end of 1989, that number had grown to 56, and this month will see the total reach 90, with a market capitalisation of about \$18bn. At the same time, daily trading, which stood at about \$2m in mid-1989, has soared to at least \$14m a day. The composite index hit a record high of 681.94 on April 4, a gain of about 70 per cent

since the end of last year.

Yesterday, the index eased 0.34 to 634.42 in trading domi-nated by Bank Duta which made its debut, rising 1,000 rupiah above its offer price of 9.000 rupish (\$4.90).

ted to continue as more companies come to the market. Among them will be the JSE's biggest listing so far. PT Indah Kiat, the Indonesian Taiwanese joint venture paper and pulp maker, is to be listed on July 15 after offering 60m shares at 10,600 rupiah each. Over the next two years, 52 state-owned companies are set to be partly

The bullish activity is expec-

There had been fears that the pace and size of the new listings would swamp the emerging Jakarta market and absorb liquidity. However, most new listings have met with an enthusiastic response. Astra International, for exam-ple, with holdings in car and motorcycle assembly, agribusiness and forestry, was 25 times oversubscribed when it made its debut in February.

nies in this category would make scrip issues. Rumours

focused on Nintendo, the

maker of video games, which advanced Y700 to Y23,400 in

Tokyo and surged Y1,000 to Y23,600 on the Osaka market, where it is popular because it

is based near there.

Among speculative issues,
Hoxan, a leading oxygen
maker which has developed its

own solar cell technology,

gained Y200 to Y1,270. It was popular on the news that its

solar-powered car performed

well in a competition for such

Morinaga Milk, a leading dairy products manufacturer,

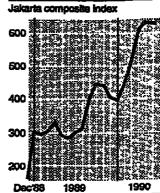
was pursued on the news that a drug developed by its phar-maceutical subsidiary had been approved by the Ministry of Health and Welfare for use

in suppressing the side effects of cancer treatment. Morinaga

Large-capital issues suffered in Osaka, where the OSE average dropped 152.85 to 35,388.78.

advanced Y45 to Y920.

Indonesia



foreign investors who, since August last year, have been allowed to buy up to 49 per cent of all new issues except for those of banks, which must be wholly Indonesian owned. Foreigners have been attracted by forecasts of a 6.8 per cent growth rate in gross domestic product this year, and by the Government's apparent determination to move away from a

At the same time, some stock brokers are anxious that, with more and more companies coming to the market, local investors may have difficulty in raising the necessary 51 per

cent domestic investment. Indonesia's Finance Ministry is well aware of the brake that this could put on the market's expansion. A banking law to be introduced later this year is expected to provide incentives for Indonesia's highly liquid state pension funds and insurance companies to invest on the JSE. The law is also expected to include plans for the privatisation of the stock exchange itself.

Widening its investor base has not, however, been the JSE's most pressing problem. On May 1, the authorities introduced new trading rules in an attempt to counteract a shortage of trained local brokers, inadequate accounting systems and excessive paperwork, leading to lengthy settle-ment delays.

Under the new system, share

Corp stock after the company disclosed more details of the

spin-off of its Hong Kong news-

paper. One broker said the 45 cent rise in News Corp shares

to A\$11.10 was widely believed to be due to short-covering by

But the market ended easier, dragged down by an afternoon

drop in Tokyo. The All Ordi-naries index closed 2.6 lower at 1,501.5. Turnover amounted to

73m shares worth A\$166m, with falls outnumbering rises

by eight to seven.

NEW ZEALAND closed

firmer as investors watched

developments on overseas mar-

kets. The Barclays index fin-ished 11.14 higher at 1,775.97,

making up most of its 16-point fall on Monday. Turnover was

HONG KONG rallied on the back of Wall Street's recovery

on Monday. The Hang Seng index jumped 48.01 to 3,203.00

and turnover shot up to HK\$2.28bn from HK\$1.61bn.

Small stocks led the list of

most actively traded shares.

a US institution.

come in all shapes and sizes denominations of 100, 500 and 10,000. Normal board trading is now in lots of 500, with smaller trades going through odd-lot traders at a premium. The change in rules has been greeted enthusiastically by foreign brokers, who used to have to wait for weeks for settle. ment while awkward certificate sizes were split or re-regis tered for each buyer.

Trading conditions in the JSE however, remain difficult. Inadequate or unreliable financial disclosure, illiquid stocks and some cases of price manipulation are among the stumb ling blocks. There is also a feeling in some foreign quarters that the market, with a price/ earnings ratio of 33, has long been overvalued and that a

correction is due.
But as Indonesia's economy remains buoyant and share supply continues to catch up with demand, analysts expect the market to continue to attract considerable attention

Regal International rose 2.5

cents to HK\$2.40.

BANGKOK recovered from Monday's fall, which had been

montay s ian, which has been triggered by the resignation of the defence minister, as the political situation appeared to have stabilised. The official SET index gained 25.75 to 1.016.66 in heavy turnover.

SEOUL fell but ended off the day's lows as buying by the market stabilisation fund propped up the market. The composite index closed down

1.38 at 784.97 in volume of

140bn won after 110.4bn won

SINGAPORE made wide-

spread falls as cautious inves-

tors continued to liquidate

their positions in a market that lacked fresh factors. The

Straits Times Industrial index

KUALA LUMPUR opened

steady, thanks to Wall Street, but drifted lower as investors

continued to liquidate posi

tions. The composite index fell

3.51 to 581.59 and turnover

Wat room

the previous day.

lost 16.05 to 1.540.84.

Madrid and Zurich greet positive inflation figures

inflation data for May lifted Madrid and Zurich, while Milan hit another 1990 high. Frankfurt, however, continued to slip, writes Our Markets

Staff.
MADRID welcomed an unchanged consumer price index for May compared with April, and rose in improved turnover. May's figure reduced the annualised inflation rate to 6.8 per cent from 7 per cent the

A good inflation figure had been widely expected, with estimates ranging from no increase at all to a rise of 0.2 per cent, and the market had





risen in anticipation. Immeditely after the news, profit-taking trimmed gains and the general index closed 0.89 up at Pta12bn, with a small pick-up in foreign interest reported. Construction stocks performed well, with Uralita up Pta20 at Pta3,800, after rising Pta70 earlier.

ZURICH was also encouraged by the release of inflation data for May. The Crédit Suisse index gained 7.8 to 656.6 on the news of a 0.5 per cent rise in the cost-of-living index last month compared with April, after expectations of a rise of between 0.7 and 0.9 per cent. Insurance company Winter-thur's bearers rose SFr90 to SFr4,130 after the company said that it was optimistic

about 1990 profits.
MILAN ended higher after a

NATIONAL AND

Norway (23)..... Singapore (25)... South Africa (60) Spain (42)..... Sweden (35)...

est for banks and insurers combined with position-squaring on the penultimate day of the June account.

Dealers were surprised by the volume of buy orders at the end of the monthly account, because investors usually waited until the start of the

new trading period. The Comit index rose 3.69 to 754.62, another year's high.

Among the insurers, Generali added L490 to L44,390 while Ras climbed L480 to L27,200. In the bending rooter PCT rose. the banking sector, BCI rose L70 to L5,470 and Mediobanca jumped L320 to L21,400. Fiat was left behind, losing L16 to L10,455 and Olivetti

dropped L15 to L7,085 as the Dutch electronics group, Philips, and the Italian computer group said they had ended exploratory talks on co-opera-tion without reaching a deal. Dealers expected Olivetti to slip further as speculators made an exodus.

FRANKFURT started firmer, cheered by Wall Street's recovery on Monday, but tumbled in the last 15 minutes of trading as a wave of sell orders hit a thin market. The DAX hit a high of 1,820 before slipping to 1,800.21, down 9.30, managing to stay above the important 1,800 resistance point. The FAZ, calculated at midsession, firmed 1.93 to 770.23. Volume fell to DM5.3bn from DM6.8bn.

Chemical stocks, which account for nearly one-third of the DAX index, slumped after the chairman of Hoechst indi-cated a possible 10 per cent decline in 1990 earnings from its record 1989 level. Dealers said this heralded a widespread downgrading of earnings fore-casts for the entire sector. Hoechst, the second most active share with 1.8m shares traded, fell DM5.80 to DM286.00, Bayer dropped DM4.70 to DM301.50 and BASF

eased DM2.50 to DM294.50.
But the building sector
bucked the trend as several
construction companies made optimistic forecasts for 1990 thanks to prospects in East Germany. Philipp Holzmann closed DM35 better at DM1,485

119.74	134.28	120.99	118.19	
119.74	134.28	120.99	118.19	
121.40	238.20	214.62	214.48	
131.53	147.50	132.91	132.94	
131.53	147.50	132.91	132.94	
136.34	122.84	118.52		
122.31	249.31	224.63	223.67	
138.57	133.29	120.09	137.76	
136.76	153.36	138.18	140.34	
110.59	124.03	111.74	111.74	
110.59	124.03	111.74	111.74	
110.59	124.03	111.74	111.74	
110.59	124.03	111.74	111.74	
110.59	124.03	126.72	167.48	
121.05	124.03	124.67	99.87	
129.09	144.77	130.46	144.77	
201.39	225.84	233.49	241.31	
121.27	135.99	122.54	121.05	
55.91	55.41	62.15	55.99	55.46
121.27	135.92	122.54	121.05	
150.10	201.97	181.98	178.17	
159.21	178.54	160.87	160.23	
139.52	156.46	140.97	127.35	
187.67	210.47	189.64	194.99	
89.67	100.57	90.62	91.70	
142.22	128.94	144.61	130.29	148.11
127.76	143.28	129.10	128.11	

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Constituent change 12/6/90: Name change: Texas Air Corp. to Continental Airlines (US). Austrian prices were unavailable June 11.

ending DM28 higher at DM863. Continental, which has risen in recent sessions, was 50 pfg off at DM309 with 740,516

PARIS watched Elf Aquitaine, the oil group which owns the cargo on the Mega Borg ship, fall 3.5 per cent to FFr639 on rumours that it could face heavy costs from the oil spill in the Gulf of Mexico. The company later asserted that liability rested with the shipper, and its share price recovered to FFr653, off FFr9, with 675,700 shares traded.

Also active was Auxiliaire d'Entreprise, the construction group, which fell FFr15 to FFr1,200 on volume of 235,875 shares, after a spokeswoman for Mr Michel Pálège, the property developer who owns a 20.2 per cent stake, said he would not raise his stake. After the market closed, however, Mr Pélège was said to have increased his holding. Lafarge Coppée, the cement producer, recovered FFr8 to

FFr463 after its recent weak-ness in continued busy trading, but elsewhere the market was quiet. The CAC 40 index rose 3.44 to 2,005.82, after a day's low of 1,988.05, in turnover estimated at FFr2.5bn following Monday's FFr2.1bn.

AMSTERDAM was underpinned by Wall Street's gain on Monday but trading was thin. added 0.4 to 120.8. Among the multinationals, Royal Dutch rose Fl 1.30 to Fl 143.20 and Unilever gained 90 cents to FI 155.90. Retailer Ahold, due to publish first 1990 quarter results on Thursday, rose Fl 3.20 to Fl 144.20.

FI 3.20 to FI 144.20.

STOCKHOLM climbed in moderate trading, bolstered by signs of falling interest rates. The weighted Affärsvärlden General index added 4.5 to 1.275.3, in turnover of SKr344m. One of the biggest winners was office supplies group Esselte, free B shares in which added SKr15 to SKr235 on the news that it had sold real estate holdings in Sweden to a state pension fund for SKr3.45bn.

187.64 121.04 187.64 121.04 187.64 121.04 188.61 121.89 253.78 223.17 135.90 119.50 156.97 138.03 126.83 111.53 130.18 114.48 187.31 164.71 106.98 94.08 149.26 131.26 232.41 204.37 538.30 473.36 138.80 122.06 63.33 55.69 234.99 206.84 206.98 182.00 184.03 161.82 159.76 140.48 214.25 188.41 101.51 89.26 160.32 140.98 146.28 128.63 146.34 127.80

134.38 239.84 146.98 135.32 247.77 132.69 153.24 127.10 162.87 104.82 256.59 555.55 136.51 61.83 229.43 202.07 179.66 185.98 209.19 99.11 145.28

121.05 216.04 121.89 121.89 122.51 139.02 111.49 164.72 131.28 204.39 122.07 156.69 182.01 161.49 188.43 89.29 128.64

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

-0.3 5.90 -0.8 1.26 +0.8 3.44 +0.6 1.29 +0.1 2.93 +0.1 2.93 +0.2 2.00 +1.8 4.74 +0.5 2.82 +0.6 2.57 -0.7 0.58 +0.4 4.88 +0.5 1.92 +0.4 4.88 +0.5 1.92 +0.4 4.88 +0.5 1.92 +0.4 4.88 +0.5 1.92 +0.4 4.88 +0.5 3.75 +0.4 4.88 +0.5 3.75 +0.4 4.88 +0.5 1.92 +0.4 4.88 +0.5 3.75 +0.4 2.07 +1.9 4.75 +1.9 4.75 +1.9 4.75 +1.9 3.27

The World Index (2372)... 146.71 +0.5 127.72 143.24 129.07 140.89 +0.4 2.47 146.02 128.40 142.56 128.42 140.37 162.05 132.25 137.67

Nikkei falls for third day in volatile trading

Roundup

Volume at 49m shares was

slightly better than Monday's total of 30m.

A RECORD one-day rise in Taiwan came amid hopes of an influx of new funds into the

market. Elsewhere, Wall Street's recovery on Monday

helped some markets at the start, but Tokyo's third consec-

utive loss wiped out early gains. Manila was closed for Independence Day.

TAIWAN rebounded in improved volume on the news that the Securities and Exchange Commission may allow Taiwan's numerous

employee welfare funds to

invest more money in stocks.

The weighted index, which

had plummeted by 1,923 points or 24 per cent since June 2, closed 389.48 higher at 6,323.22, a record single-day rise of 6.6

AUSTRALIA started confi-

dently after Monday's holiday, thanks to a surge in News

a row came yesterday at the end of a day of volatile trading, during which the market was rocked by index-tinked activity and growing interest rate con-cerns, writes Michigo Nakamoto in Tokyo.

Volume, at 500m shares, was only slightly better than the 350m traded on Monday. The Nikkel average began the day lower and fell further on arbitrage selling. Later, buying in arbitrage with the index futures, which had risen, lifted the Nikkei. Spreading concern about domestic interest rates, however, checked the midday rise, and the Nikkei finished with a loss of 217.87 at 32,322,31

The day's high was 32,593.98 while the low was 32,284.60. Declines led advances by 604 to 328 while 189 issues were unchanged. The broad-based Topix index declined 12.45 to 2,380.56 but, in London, the ISE/Nikkei 50 index rose 1.53 to

The release in the afternoon in Tokyo of the Bank of Japan's short-term economic survey, which indicated that the economy was growing at a brisk pace, dashed hopes that interest rates might fall in the near future. Consequently, investors turned away from domestic issues to high tech-nology stocks, which have a larger export ratio and which could also benefit from the recent weakness of the yen. Pioneer added Y30 to Y6,330; TDK, the maker of magnetic

tapes, rose Y40 to Y6,790; Akai Electric, with an export ratio of 79 per cent, gained Y50 to Y1,090; and Fujitsu was up Y10 not across the board, however, with NEC, the electronics company, and Matsushita each los-ing Y30, to Y2,030 and Y2,170

respectively.

Another incentive to buy

SOUTH AFRICA

118.55 158.31 295.63 129.21 160.02 117.53 153.61 222.29 260.82 113.43 152.29 140.16 180.55 111.53 137.71 130.06 132.47 186.56 198.57 99.29 107.62 145.73 197.26 242.43 245.32 1672.98 549.86 120.56 145.66 58.14 75.36 207.40 245.90 176.55 207.89 159.95 251.39 126.90 185.19 194.20 217.57 80.62 104.31 140.98 164.55 148.25 147.76

127.82 127.39 147.76 135.57 179.25 174.38 206.93 185.01 130.24 143.92 192.75 124.63 125.63 137.72 174.18 130.35 126.16 144.37 147.87 131.02 118.55 118.91 139.50 124.81 117.41 120.03 139.32 122.53 129.86 137.65 173.77 131.30 127.21 140.35 182.00 130.80 128.22 140.23 161.84 131.95 128.23 137.82 147.88 134.62

GOLD SHARES firmed again in light trading, helped by a steady bullion price and a weaker financial rand. Vaal Reefs rose R4 to R296. Gold Fields group mines showed no immediate response to lower final dividend declarations.

Tokyo

THE NIKKETS third decline in

The rise in this sector was

highly priced issues was specu-

Stena AB

through its wholly owned subsidiaries, Stena Line (U.K.) Limited and Stena Fantasia (F.L.) Limited

has acquired

Sealink British Ferries Limited

a subsidiary of Sea Containers Ltd.

Morgan Guaranty assisted in the negotiations and acted as financial advisor to Stena AB

JPMorgan